

NEWS SUMMARY

GENERAL

BUSINESS

Liberal plot?— Thorpe speaks. Gold mine index loses 11.9: £ falls

BY MICHAEL BLANDEN and PETER RIDDELL

Mr. Denis Healey, Chancellor of the Exchequer, set the scene last night for his Mini-Budget statement next Wednesday—arguing that unless early action were taken the U.K. would be off track and fail to make the contribution to world recovery expected by other countries.

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Bankers' Banquet at the Mansion House, Mr. Healey effectively gave the background to his statement without giving any details of the measures.

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He specifically rejected the view that monetary constraints allow no scope for corrective action at all and that any fiscal expansion would feed through to higher prices rather than to higher output.

Mr. Gordon Richardson, Governor of the Bank of England, was mainly concerned with less immediate topics and in discussing the uses of North Sea oil, he argued that the U.K. should run its external debts right down; that better productivity was needed to encourage domestic investment and that later on there should be scope for some relaxation of the rules governing direct investment overseas.

Mr. Healey also emphasised the need for continuing large increases in manufacturing investment—of the order of 12

per cent. rise forecast for 1978—if the U.K. is not to find itself with an inadequate industrial base when the flow of North Sea oil comes to its inevitable end.

• **GILTS** were quiet. Short-term losses ranged to 5.5% as the Bank signalled it wished to see no further fall in short-term interest rates. Government Securities Index was unchanged at 77.48.

• **GOLD** fell \$1 to \$159.7.

• **DOLLAR** showed marked improvement on indications that the U.S. Administration is not looking for a further depreciation. Its trade-weighted index narrowed to 156 (1.34) yesterday. Sterling fell 185 points to 151.69.

• **WALL STREET** closed up 2.60 at 814.80.

• **U.S. money supply**: M1 unchanged—seasonally adjusted average of \$334.1bn.; M2 \$799.4bn. (798.9bn.). Commercial and industrial loans at major banks up \$480m. (up \$34m.). Fed funds 6.50% per cent. 90-119 day commercial paper 5.59 (6.43) per cent.

• **British Oxygen** may curtail investment

• **BRITISH OXYGEN** may curtail a £40m. investment programme at its 55 U.K. depots because of an unofficial stoppage of 3,000 hourly paid workers. Back page

• **FORD** MOTOR dayshift workers at the company's two main Dagenham plants decided "overwhelmingly" to accept the offer of a 12 per cent pay rise. Back Page

• **EMPLOYERS** and union leaders for 33,000 private-sector skilled pipeliners have been told that if they implement their 20 per cent pay-rise agreement, they face Government sanctions. Back Page

• **ALFRED HERBERT**, the state-owned machine-tool company, gave three months' notice that up to 450 workers at Edgecumbe, its main Coventry plant, could be made redundant. Page 8

• **IMPERIAL Metal Industries**, shares closed down 65 at 55 last night, as the market reacted to ICI's decision to offer its 50 per cent holding in the company to the public. Offer price for the shares is 52p.

• **COMPANIES**

• **NORTHERN ENGINEERING** Industries is offering a shares and cash mixture for International Combustion Holdings which works out at 103p a share. The deal values ICH at £9.65m. Page 28

• **CENTRAL and Sheerwood** lifted turnover by 18.5 per cent. to £31.28m. and pre-tax profits by 39.7 per cent. from £1.46m. to £2.01m. for the first half.

• **Adams and Gibbons** ... 75 + 8
• **AVCIS** ... 155 + 6
• **BTG Dtd** ... 167 + 6
• **BP Prop.** ... 180 + 25
• **Bishop's Stores** ... 225 + 20
• **Burns Andersen** ... 40 + 7
• **Coral Leisure** ... 242 + 8
• **Dovecote** ... 543 + 10
• **Empire** ... 152 + 9
• **Erker, Spedley** ... 156 + 10
• **Intl. Combustion** ... 96 + 16
• **Concorde** ... 482 + 10
• **Industries** ... 146 + 6
• **IElectronics** ... 204 + 5
• **Leisure Firms** ... 82 + 12
• **London Comat** ... 84 + 4
• **Magnum** ... 350 + 8
• **Midland Firms** ... 145 + 19
• **Pancontinental** ... 725 + 75

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES
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London Comat ... 84 + 4
Magnum ... 350 + 8
Midland Firms ... 145 + 19
Pancontinental ... 725 + 75
FALLS
Barclays Bank ... 310 - 8
Beecham ... 647 - 11
Fowler ... 174 - 8
Brit. Home Stores ... 233 - 5
Christie Tyler ... 60 - 4
DMJ ... 55 - 6
London Shop Prop. ... 58 - 4
OK Barbers ... 450 - 25
Plymor ... 354 - 43
Cons. Gold Fields ... 220 - 12
De Beers Dtd. ... 295 - 16
Elburg ... 114 - 21
Lubian ... 222 - 43
Prest. Brand ... 866 - 58
Prest. Step ... 698 - 71
Vaal Reefs ... 113 - 11

Healey says early action needed to keep U.K. on track

BY MICHAEL BLANDEN and PETER RIDDELL

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per cent. rise forecast for 1978—if the U.K. is not to find itself with an inadequate industrial base when the flow of North Sea oil comes to its inevitable end.

Money supply rises sharply

BY MICHAEL BLANDEN

THE STRONG inflow of funds from abroad last month brought a sharp jump in the money supply, taking the growth so far this year to the top end of the Government's target range.

Mr. Gordon Richardson, Governor of the Bank of England, said last night that the figures carried "an implication of failure to meet our targets for the year."

In his speech at the bankers

dinner in the City, however, he stressed the importance of the monetary targets, adding that the present situation emphasised the need for "a sharp

weather eye on present and

possible future developments

in the inflationary bias which

our economy, along with others, has been shown to possess."

Mr. Richardson said that, in spite of the encouraging headway made in the past year, inflation was "still far, far too

high, both from the domestic

and in our principal trading partners."

There must be no wavering in

our resolve to bring inflation

down, "not just to single figures, and

not sure that this must require

the continued assurance and

discipline of living within

our monetary limits."

Mr. Healey stressed that "the Government would not finance

settlements either in the public

or private sector." He said the

Government's guidelines to negoti

ators were "not just a plain statement of

mathematical fact."

If the overall increase in earnings

were "as high as 15 per

cent, before long the inflation

rate will start to rise again and

our present prospects for employ

ment, investment and growth

will be at risk," Mr. Healey said.

Continued on Back Page

in New York

—	October 20	Previous
1-month	£1,107.7117	£1,765.7576
3-month	£1,310.37117	£1,710.2576
12-month	£1,341.17117	£1,831.17117

Five nations in search for Schleyer gang

BY JONATHAN CARR

BONN, Oct. 20.

AS WEST GERMANY honoured legislation which would be the memory of the industrialist, required Dr. Hans-Martin Schleyer, an auto, to-day the biggest police search showed he was killed by four in his history was launched before being dumped in the town of Mulhouse, Alsace. He was kidnapped 43 days earlier in Cologne by terrorists demanding the release of comrades in German jails.

Rewards totalling DM50,000 were offered DM50,000 for information leading to the capture of each terrorist.

Much of the West German public now appears in a state of emotional exhaustion. The ten-day search surrounding Dr. Schleyer's kidnaping mounted when a Lufthansa jet was hijacked last week by terrorists linked to the Schleyer case.

The elation which greeted the release of the hostages aboard the jet by a special commando unit was followed quickly by news that three hard-core members of the Baader-Meinhof group had committed suicide in their prison cells.

Henry Traugott Bender, the Justice Minister of Baden-Württemberg, the state in which the terrorists had been held, resigned and an inquiry is being launched into the affair. The public prosecutor said the terrorists had set up a communication system in the prison.

Robert Maestner adds from Paris: French riot police units to-day reinforced local police in the search for the terrorists who killed Dr. Schleyer.

The search was concentrated on the small towns of Cernay and Thann on the edge of the Vosges forest, the region where it is now believed the kidnappers may have held Dr. Schleyer for much of his 43 days of captivity.

The S. Schleyer affair, Page 4; Arabo and hijacking, Page 5; Politics To-day, Page 23.

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Split advice on sterling

BY SAMUEL BRITTON

IF THE September money supply has been possible and London figures come as a shock, you had been a haven for holders of better wait for those for October, funds who distrust the U.S.

These will show that there is currency. The rally of the dollar following the 9 to 13 per cent U.S. Treasury Secretary's guidelines for the present financial year, except by a brutal remarks is familiar. It resembles clampdown or by window-dressing. Then again if you think the earlier official campaigns to reserve increase of \$23bn. in September was high, you would be even more startled by the rate of inflow of the last couple of weeks.

Commentators have been pointing out ad nauseam since the beginning of the year that it is impossible to fix a target for both the money supply and the exchange rate. As a result of brushing aside this common-place truth, such enormous pressures have built up that the Government looks like having to abandon both objectives, let sterling rise and see a breach of its monetary objectives.

Contrary to what we have been led to believe, the overseas inflows have not all gone into sterling. So far, however, the flow that even if a tenth has gone into the money supply it would be enough to breach the guidelines. The true picture is that a great deal of the inflow has gone into the corporate sector, and until recently this was offset by sales of gilts to British non-bank buyers. But there is now a very real fear that the news of the money supply figures will weaken the gilt-edged market, while foreign exchange continues to pour into London.

Advisers

The Chancellor's advisers have been seriously divided about what to do. The vigorous defence of pegging the exchange rate in the September Bank of England Bulletin was a gallant attempt to explain the existing Government line and not necessarily an expression of innermost Bank of England thinking. It would be interesting to know what Mr. Gordon Richardson, who—without being a wicked monetarist—has invested a great deal of personal capital in the monetary guidelines, really thinks. Anyone who takes them seriously must by now realise that there is no future in continuing to sit on the pound.

The decision to switch from supporting sterling against the dollar to supporting it against the weighted average of currencies has proved technically disastrous. Anyone who had confidence in the old policy knew that there was nothing to go for in terms of an increase in the dollar value of his sterling holdings. But with the new policy an appreciation in dollar terms

Abstract

It is incidentally quite horrifying to be asked by people in authority whether the TUC would agree to exchange control liberalisation. What on earth has a subject so far removed from normal union concern to do with the TUC? I am quite sure that most trade union leaders judge policies by results rather than by some abstract socialist ideology which civil servants attribute to them. But we have moved so far towards the corporate state that the Treasury is afraid to move against the personal view of Mr. Len Murray or his office advisers.

What I expect to happen is a mixture of upward (but still "dirty") appreciation of sterling, half-hearted exchange control liberalisation and a breach of the monetary guidelines—the latter perhaps disguised by cosmetic devices which will keep gilt-edged economists working overtime to unravel. The heavy concentration of Mr. Healey's stimulus into the second half of the fiscal year will also increase the pressure on the gilt-edged market and the money supply.

We will no doubt be hearing a good deal about technicalities and special factors and the undesirability of rigidity; but none of this will carry conviction. In the meanwhile it is a consolation to see the obstinate determination to pursue incompatibles meeting its nemesis in the market place. The only remarkable thing is that some people are surprised.

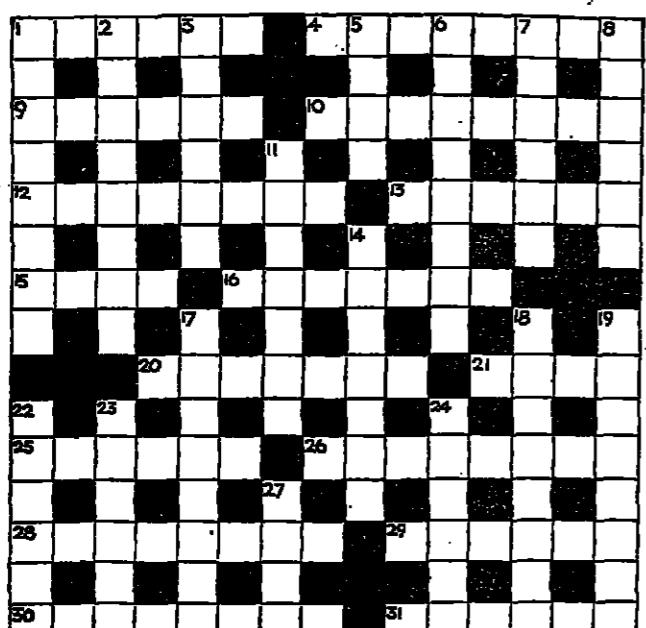
TV Radio

Indicates programme in black and white

BBC 1

7.30 a.m. Open University (UHF only). 9.30 For Schools, Colleges, 10.45 "You and Me," 11.05 For Schools, Colleges, 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Barnaby. 2.00 For Schools, Colleges, 3.30 Y Chwilio, 1.33 Regional News for England (except London), 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 The Record Breakers. 5.10 Blue Peter Special Assignment. 5.40 News.

F.T. CROSSWORD PUZZLE No. 3,498



ACROSS
1 Tell sailor to return for dancing (6)
4 Reconnoitring for trip from South Carolina (8)
5 Two companies taking on silk supplier (6)
10 Draw, but a photograph may be needed (4)
12 Did appear outside that place (8)
13 Twist record about Henry initially (6)
15 Instrument held by incognito boor (4)
16 Soast about breakdown (5-2)
17 Indian socialist's family (7)
21 Actors reckon it's a throw (4)
25 Time for main offspring (6)
26 Adventure involving bid for freedom about this time (8)
28 Source of writer's material (8)
29 Live with deer at the back (6)
30 Old, old penny, found in squall, but it's more valuable than that (4)
31 Captive listener after finish (6)

DOWN

1 Clandestine entrance (4-4)
2 Film-set featuring accountant in cosmetic (8)
3 Rod in rising river is worn away (6)
4 Style of hair-cut for sailors (4)
6 Offer at the lowest price a prime piece of meat (5)

AROUND BRITAIN

BY IAN HARGREAVES

WHEN Mr. John Morris entered the Commons as Labour member for Aberavon in 1959 his maiden speech was delivered in support of the case for a by-pass of motorway standard around Port Talbot.

Seven years later, that road was opened and formed the first segment in Wales of the M4, whose completion is now in sight thanks very considerably to the personal commitment of Mr. Morris, since 1974 the Secretary of State for Wales.

Although the planning and public inquiry stage of the road pre-dates Mr. Morris's secretaryship, most of its construction in Wales has been during his period of office and during that time he has had on more than one occasion to fight for the scheme's preservation in the face of waves of road-building cuts. In the event, the M4 has been built at the expense of virtually all other road projects in Wales—its £250m. costs being roughly four times the total annual expenditure on Welsh trunk roads.

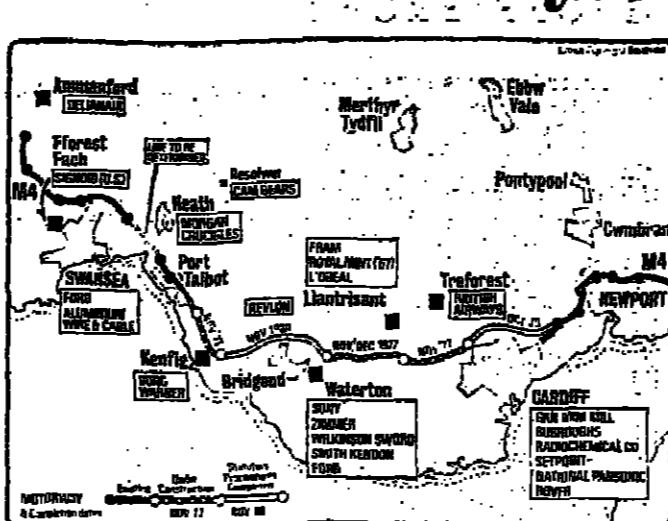
In making the M4 as his communications priority, Mr. Morris has inevitably awakened the wrath of the nationalists, who feel first call on funds should have been for a road to stitch together north and south Wales, rather than blinding South Wales to the English motorway network.

But Mr. Morris is in no doubt that the M4, which he believes will remain Wales's only motorway, was right and that it has "revolutionised" the economy of the south, where 68 per cent of the population lives. His arguments received the best possible accolade in September, when Ford announced a £250m. engine plant project for Bridgend.

Ford also obliged by citing the M4 among its reasons for choosing South Wales as a manufacturing point for European distribution and Mr. Morris, who leaves on an industrial mission to Japan next week, is confident there are more big catches to come.

But behind the big breakthroughs, such as Ford and Sopwith, there has in fact been a steady trickle of investment into the coastal and valley area the M4 serves in the last 10 years. Only yesterday, a company called Setpoint, which makes weighing systems, announced it was abandoning production in Battersea, London, in favour of Pentwyn on the outskirts of Cardiff.

There have been many other new arrivals, many in the high-technology industries which the area has traditionally lacked, held by an American, L. A. in 14 months.



Statistical measures of the density of 100,000 men on the success are the turning of the fortunes of steel and coal. The tide of outward migration from fact that there are now more South Wales in the last few years. In U.S.-owned companies, which still employs a sixth of the workforce, is beset by the history of the British Steel Corporation.

These cheering points cannot, however, disguise the very serious problems which remain. Coal reserves in South Wales continue to dwindle, and steel, which still employs a sixth of the workforce, is beset by the history of the British Steel Corporation.

The BSC field of Ebbw Vale embodies these anxieties. Its unemployment level of around 11 per cent is not the worst in Wales, but this figure could be boosted to 20 per cent as soon as BSC's delayed next year of closure is enacted. The Vale has soaked up £12m. of investment in new industrial estates in the last two years, but these are still only half full and the combined efforts of BSC (Industry), the Welsh Office and the Welsh Development Agency, seem powerless to turn the tide.

So the name of the industrial for whose final stages Mr. Morris betrays a site foreman's remains diversification, aiming eagerness for completion, that at further reducing the dependence on the motorway.

But it is on the motorway. So far this year, Welsh Office optimism has grown, with visits by industrialists interested in the area up 50 per cent in the first six months and applications for advanced Government-built factories double last year's level. Officials have even had to take note of the national controversy about highly competitive Japanese industry finding bases in Britain, they regard their desperation for jobs as a more critical consideration.

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THAT REMARKABLE hurdler season in the Rosy Brook handi-night, who proved critics cap "chase. Gifford's six-year-old, who has been threatening to leave the ground, performed well to run yesterday's facile useful prize, and to-day's champion hurdle in testing conditions last season, surprised many

ditions, is fully entitled to go to the post an odds-on chance for his connections—when putting in to-day's renewal of the William a clear round to land the Burford

hill hurdle at Newbury.

King Alfred, the six-year-old, who's rated him merely a top-of-the-ground performer, did well to run yesterday's facile useful prize, and to-day's champion hurdle in testing conditions last season, surprised many

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Budding Star could

win the best medium

Doncaster meeting, when

contests the October

stakes. The Newmarket

daughter of Sun Prince

stable, another winner

to date.

Novices' chase here towards the end of the season.

Half an hour before the

end of the season.

William Hill hurdle, which

carries £6,000 in added prize

money, it will be interesting to

see if Approaching can get off

may well outpace the likely

shown promise in both in

to date.

SALEROOM

BY ANTONY THORNCROFT

Record price for Matisse

AFTER CHRISTIE'S fairytale

auction of Impressionist pic-

tures in New York on Wednes-

day, Sotheby's Parke-Bernet follow-

ed with its nineteenth

annual sale which suggested that the

Impressionist and Modern art is

taking on a more optimistic tone.

The feature was the dispersal

of the Brody collection, and 17

of the 21 lots sold for \$1,340,259.

A big disappointment was the

lack of a buyer for the star item,

Dufy's *Versailles*. How-

ever, a new auction record of

\$247,747 was set for a Matisse,

Le Lutin. The previous best

was \$140,000, paid in 1973.

All four top prices in the sale

set auction records.

Courtet of 1957, *Portrait of a**Young Girl*, sold for \$112,000; the"unusual" *Portrait of a Young*

Woman" by Dufy, \$102,000; a

Soutine portrait, *Le Patis*

aux Mains sur les Hanches

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van Dongen, *Femme Couche*,

made \$90,000.

Other notable prices were

sticks by Paul de Lamerie sell

Virgin sold for \$12,000 (plus

50.567 for a Boudin, Trouville

for \$17,500 to Koopman, and 10 per cent commission).

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Swiss made

by GEOFF BROWN

Lace-Maker (AA)
Academy 2
Thunderbolt (A)
ABC Shaftesbury Avenue
(AA)
Odeon Haymarket
Blood City (AA)
Scene 2

ing eye for human behaviour and an enviably uncluttered shooting style. He observes his characters at a little distance and here seems to take his rhythms from the leading character, whose actions throughout are quiet and subservient: we see her dutifully holding the telephone receiver for her extrovert work colleague Marylene (Florence Giorgetti), whose hands are covered with cream: she even tries to munch an apple in silence in order not to distract Francois' studying. The film also treats its environments with due care: particularly atmospheric is the Normandie resort of Cabourg, where both Fommé and Marylène try to enjoy an end-of-the-season holiday and where Francois' first rooms into view. Jean Boeffy's crystal-clear colour photography catches all the dissipating beauty of depopulated beaches, grey skies and puddle-filled tennis courts.

The source is a novel by Lainé, who also co-wrote with Goretzka on the film. The heroine (who doesn't look like a lace-maker but only looks as if new horizons: University friend Fommé come round for some typical attractive, freckled girl with glib philosopising (prompted by a matchbox) and she later played by Isabelle Huppert) has to ask Francois what who works in a Paris hairdressing salon and whose fragile brushing his teeth. She receives a broken after a first no answer that she can understand with an older University friend and retreats further into herself, finally ending up in a mental home. Francois ultimately feels exasperated as a film-maker of Pomme's refusal to expand her capabilities, and it's possible that some of this exasperation, in attenuated form,

is an envirably penetrat-

ing into herself, finally end-

ing up in a mental home.

Francois' poor innocent is faced with a non-Jew, bringing back

memories of Nazi persecutions (for the two leading hijackers were German).

Operation Thunderbolt is the official Israeli version of events, directed by Menahem Golan, with appearances by Prime Minister Begin, Foreign Minister Yigal Allon and Defence Minister Shimon Peres. Their acting is awkward, yet it makes a beneficial difference to the film's quality. Without a roster of international stars

and the political context for the action, though both Klaus Kinski and Sybil Danning present chilling

portraits of extremists who have long since passed beyond humane feelings.

One of the cinema's oldest sins has been its compulsive urge to make screen versions of successful plays and musicals, though recently the habit has been on the decline—perhaps because there have been so few stage properties worth adapting. However, Peter Shaffer's *Equus* has received all the adulation and success required since its London opening in 1973: there was a revival here last year and a New York production with Richard Burton making an extravagant comeback after complex affairs of the heart and bottle as the psychiatric doctor Martin Dysart. And the play's subject matter has that wide streak of sensational perversity which supposedly bespeaks cinema box-office success—with its repressed young stablehand (Peter Finch, as in the original production)—taking horses out at night for strange ritual love-making and ultimately blinding six of them with a metal spike. So here we have the screen version, all 137 minutes of it, directed by the meticulous Sidney Lumet, who has performed similar services in his time for Arthur Miller, O'Neill and Chekhov.

The results, like most filmed stage successes, seem divided and redundant. True, the film contains some brilliant acting—not so much from Burton and Finch, both of whom incline towards the monotonous, as from the supporting players, particularly Eileen Atkins.

But of what use is their sterling work when their basic material is so patently foolish? As produced on stage, with the boy's fantasies and rituals suggested by symbolic horses—halfactors, half-wire—Shaffer's limply-worded thesis on the differing claims of reason and ecstasy in

the film is lost. The Lilac Fairies—Verde

stage, the Fairies—

EUROPEAN NEWS

Tarradellas returns as Catalonian leader

By Robert Graham

MADRID, Oct. 20. SR. JOSE TARRADELLAS entered Spain to-day as the officially recognised head of the Generalitat, the autonomous Government of Catalonia which was suppressed by General Franco. His return from exile in France after 39 years marks yet another symbolic step towards the healing of the wounds caused by the Civil War.

In July, Sr. Tarradellas, 78, visited Madrid to pay the way for his return. This week he was appointed President of a reconstituted autonomous Government of Catalonia (with vague and ill-defined powers of regional autonomy).

To-day, he was brought from Paris in a Government aircraft to Madrid. He will remain here until Sunday, and is expected to return then to a big welcome in Barcelona where his return will be regarded as evidence of the Government's commitment to regional autonomy.

The Generalitat will have, for the time being, an executive committee chosen by Sr. Tarradellas, in addition to the presidents of the delegations from the four Catalan provinces of Barcelona, Gerona, Lérida and Tarragona. Sr. Tarradellas will also represent Barcelona. The powers of the Generalitat will, however, be apparent until the new Spanish constitution is formulated.

The Radical Socialists led by M. Jean-Jacques Servan-

French conservative parties consolidate election agreement

BY DAVID CURRY

PARIS, Oct. 20.

THE FOUR parties which make up the bulk of the conservative alliance have put the finishing touches to the "gentleman's agreement" which they will observe during the general election campaign in March.

Its central feature is the agreement that, where only one of them supplies a candidate in the first round of voting, the conservative flag, the candidate

will get the backing of all the factions in the majority. To get this, he must subscribe to the accord already signed which sketches out a non-aggression pact between the conservative parties. It also lays down procedures to be followed when each party presents its own first round candidate. In the second round run-off, the best of the bunch from the first round would get the support of his former conservative opponents.

The four subscribers to the pact are the Gaullists (the biggest group in the National Assembly at the moment, but who represent a popular vote of no more than 20-22 per cent), the Republicans of President Giscard d'Estaing (more to the Centre, who have just started to edge ahead of the Gaullists in the opinion polls), and the two smaller groups, the Centrists and the independents.

The Radical Socialists led by M. Jean-Jacques Servan-

IMF loan terms likely to be agreed by Portugal

By Diana Smith

LISBON, Oct. 20.

NEGOTIATORS from the International Monetary Fund, who have spent ten days in Lisbon, leave to-day.

The team has been negotiating a \$50m. tranche to follow a similar loan granted earlier this summer. Both tranches preface a possible loan of \$750m. next year from a group of 11 countries. This is urgently needed to reduce a balance of payments deficit which is expected to reach \$1bn. or more by the end of 1977.

No public announcement has yet been made, but informed sources indicate that the Portuguese authorities agree to at least part of the IMF conditions. They are—that inflation, now at an annual rate of 30 per cent, be reduced to a rate of 20 per cent. in 1978 through limits on wage rises (20 per cent., compared with 15 per cent. this year) and tight supervision of prices; and that the 1978 State budget must be balanced.

The main importance of the pact, and the earlier declaration of joint principles, is less the practical content than the impression it gives of a united government side, facing a bitterly divided opposition—a reversal of the position obtaining until a couple of months ago.

The latter would be particularly awkward. Only this year have financially-weak companies received easier credit from banks whose position is now more stable, after serious cash flow problems in 1975 and 1976.

Food imports are likely to be cut drastically. Portugal, where grain and meat production is low, now spends \$1.25bn. per year on food imports. This creates much of the trade deficit, now \$1.75bn. per year.

Also, the escudo is likely to be devalued again, after a 15 per cent. devaluation in February and sliding depreciation which started in September.

Mr. Goldberg said "Europe has been subject on a number of occasions since the end of the second world war (and even within less than half a decade of the convening of the Conference on Security and Co-operation in Europe in 1972) to armed intervention across international borders."

Mr. Goldberg said that U.S. and other western delegations which referred to the Prague trial were in no way violating the principle of non-interference enshrined in the Helsinki declaration. On the contrary, they were carrying out their Helsinki obligations, he said.

Yugoslavia, discreetly, has been anxious to play a part in the peaceful development of the former Portuguese colony of Angola.

According to figures released by the Soviet Central Statistical Board, more than three-quarters of the growth in industrial output was attributable to a 43 per cent. increase in the productivity.

The figures show that Soviet oil and gas production continue to expand. Oil production (including gas condensate) for the first nine months of 1977 stood at 40.6m. tonnes or 5 per cent. more than during the equivalent period last year.

Soviet gas production, according to the figures, came to 234m. cubic metres during the first nine months of 1977 or 8 per cent. more than during the first nine months of 1976.

During the first three-quarters, the Soviet Union produced 541m. tonnes of coal, an increase of 2 per cent. over production in the equivalent period last year. \$37bn. kilowatt hours of electrical energy, an increase of 4 per cent. over last year's level and 110m. tonnes of steel, an increase of 9 per cent. over last year's nine months' production.

There were no figures for overall agriculture production because the harvest is not com-

Desai due to visit Moscow to-day

By David Satter

MOSCOW, Oct. 20.

MR. MORARJI DESAI, the Indian Prime Minister, arrives in Moscow to-morrow, ostensibly to get to know the Soviet leadership better, but possibly to begin the process of redefining the Indo-Soviet "special relationship."

Mr. Desai, who, along with the Janata Party, was denounced as a "reactionary" by the Soviet Press almost until the day of his victory in the March elections, has stressed that India intends to pursue "genuine non-alignment," a goal seemingly in conflict with the 1971 Friendship Treaty between Indian and the USSR.

Observers believe Mr. Desai has no intention of harming India's ties with the Soviet Union, which has played a major role in India's industrialisation, but may seek to sketch India's political stance in colours less reliably pro-Soviet than the existence of a comparatively rare Friendship Treaty would suggest.

Mr. Desai will be in the Soviet Union for six days, three of which will be spent in talks next week with top Soviet leaders. These talks are expected to avoid controversial issues or even the specifics of bilateral relations in favour of general conversations which will allow Mr. Desai and the Soviet leaders to become better acquainted.

Mr. Desai has said that he wants equal relations with the Soviet Union, the U.S. and China. This is expected to make Soviet leaders all the more anxious to stress their desire for close ties.

India receives considerable economic and military assistance from the Soviet Union. A 15-year accord signed in 1973 provided for the expansion of Soviet built steel mills, as well as co-operation in the construction of iron and steel projects and the production and refining of oil and exploitation of gas and coal.

Soviet industrial production rose by 5.8 per cent. during the first nine months of 1977 compared with the equivalent period last year, an improvement over the 5.6 per cent. industrial output gain envisaged in the 1977

three-day State visit to Portugal by President Tito of Yugoslavia ended this morning. Talks between the Portuguese and Yugoslavs focused mainly on the role of non-aligned countries (whose conferences Portugal attends as an observer), Mediterranean peace and security, the North-South dialogue and problems of Southern Africa.

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The Schleyer affair...

Violence against Germans targets spreads in Europe

BY OUR FOREIGN STAFF

ONE MAN died in Athens, and Euslin, who died in prison in a number of attacks, were Stuttgart on Tuesday, shortly after West German troops at leaders would be killed, and the installations, as violent reaction to the deaths of the Baader by terrorists of a Lufthansa Meinhol group leaders con-passenger aircraft.

Also in Paris, a group of French lawyers yesterday demanded the release of Baader and other left-wing extremists in jail in West Germany and elsewhere.

Hundreds of police moved to guard the embassy and blocked the streets around German-owned businesses. Attacked fire-bombings were reported at the plant of the West German company AEG near Piraus.

Two policemen were injured in the exchange of fire, and two men who were in the car with Kassimis got away. Police said later that four time-bombs and stores for parts in Rome.

A French police also arrested a motorcyclist in Paris who was carrying a bomb. In the night of Wednesday to Thursday, Mercedes warehouses and students covered their faces with handkerchiefs and some of them exchanged fire with police, in Versailles, near Paris, and in four policemen, were wounded by houses in Toulouse and Volkswagen workers.

The self-proclaimed "Andreas Baader-Meinhof group of the Armed

Autonomy" claimed responsibility for the Mercedes bombing.

Police had prevented students from marching on the West German embassy in Rome to protest against "the cold-blooded murder" of Andreas Baader, faction delegate in France.

On September 30, an international warrant issued in West Germany, he now awaits a decision on the request for extradition.

Arrested on September 30, Raspe and Gudrun warned that all the "hangmen" lawyer said.

Herr Croissant fled clandestinely to France and requested political asylum on July 12 when he was accused of aiding his terrorist clients.

Arrested on September 30, Raspe and Gudrun warned that all the "hangmen" from the prosecutor's office said.

Three convicted gang leaders—Andreas Baader, Jan-Carl Raspe and Gudrun—

are reported to have killed themselves on Tuesday.

A fourth member of the group, Jorg Meissner, underwent a heart operation on Wednesday for knife wounds.

The spokesman said that police searching their cells found cables, batteries and electric plugs. He said that the group apparently set up contact through the local radio system, even after lines connecting their cells were cut.

In Raspe's cell, and in one previously occupied by Baader, police discovered a hollow space in a wall which could have been used for hiding firearms. Baader and Raspe died from bullet wounds.

Despite strict security measures which cut them off from the outside world, and a ban on meetings inside the jail, the prisoners apparently managed to communicate between their cells, a spokesman in the prosecutor's office said.

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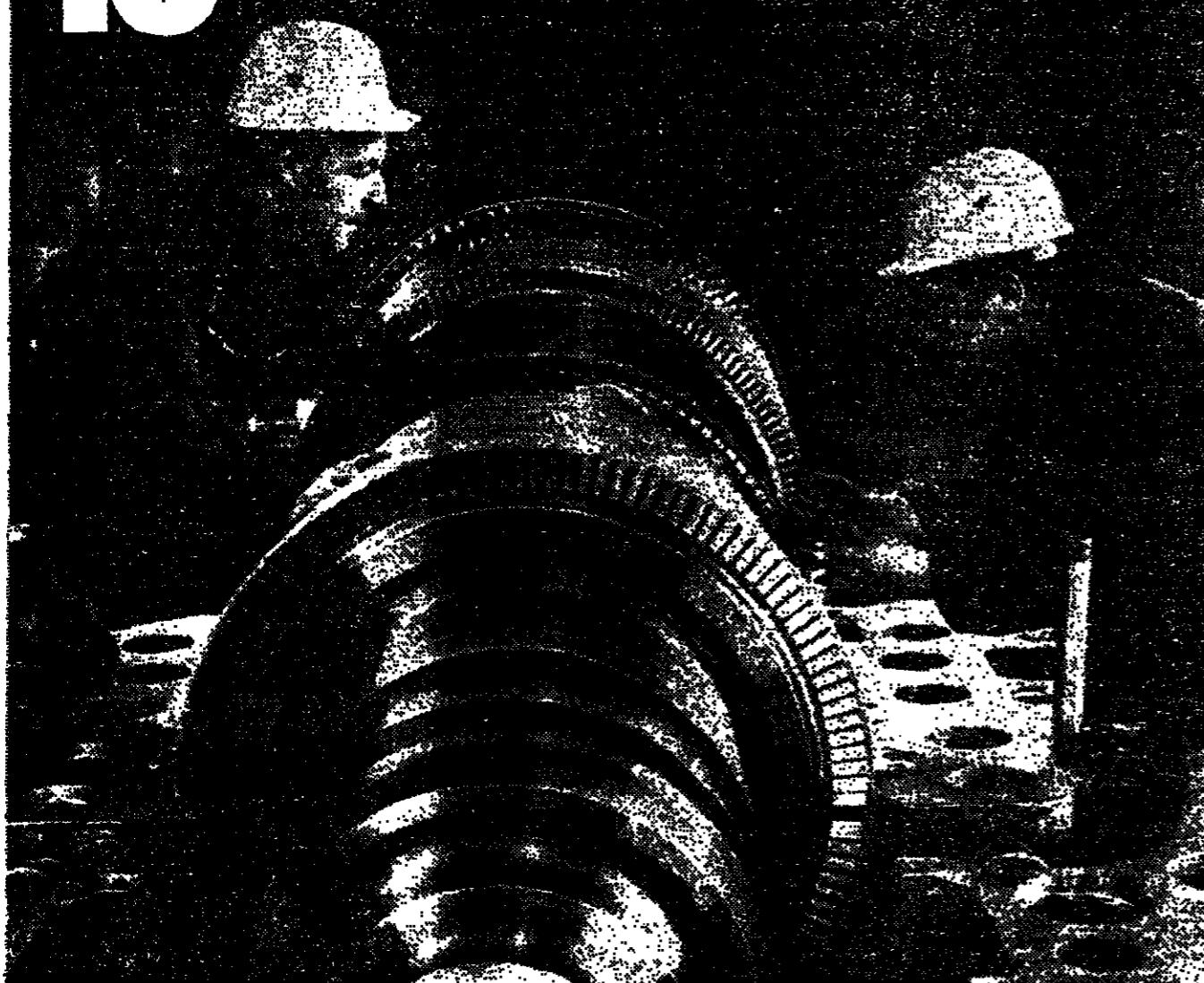
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BERLIN-TIERGARTEN 1315 AM

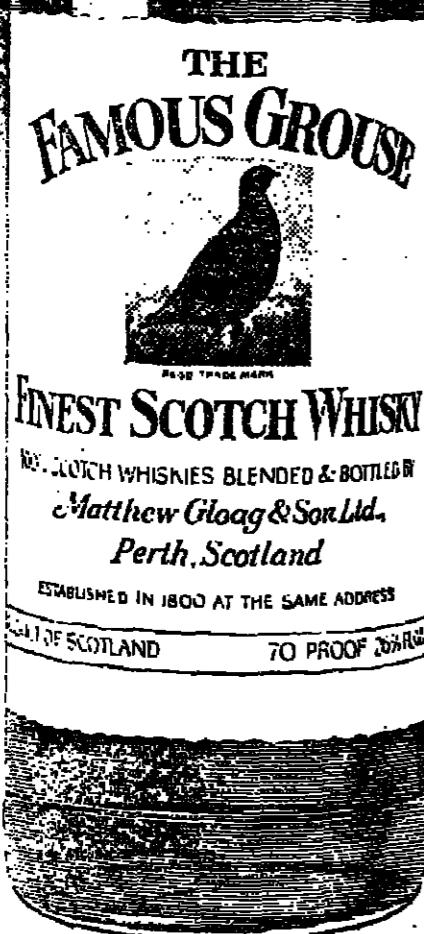


The Heart of the Turbine Is Ready

This turbine rotor, along with others like it built by Kraftwerk Union (KWW) in Berlin's Tiergarten district, will soon be producing light in some part of the world. Every second power plant in West Germany is equipped with gas and steam turbines manufactured in Berlin. Berlin-built turbines also generate power in the Near East, in Brazil and at Hendrina, Africa's largest power plant. The know-how and accomplishments of Berlin industry are valued highly throughout the world.

**invest -
produce in Berlin**

The exception
that could prove
to be your rule.



Quality in an age of change.

AMERICAN NEWS

CARGO PREFERENCE BILL

BY JUREK MARTIN, U.S. EDITOR

THE DECISIVE rejection yesterday by the U.S. House of Representatives of the Cargo Preference Bill is generally accepted here to mean that the measure is dead for the present session of Congress and has only a slim chance of being resurrected in the mid-term future.

The change in congressional sentiment during the last three years is nothing short of startling: in 1974 President Ford was obliged to veto a Bill approved by Congress that would have required 30 per cent of oil imported to the U.S. being carried by U.S. flag ships, the current Administration-backed Bill, which would have lifted that percentage by increments from the present estimated 2 per cent to 9.5 per cent by 1982, was defeated by nearly 100 votes.

A parallel measure is before the Senate Commerce Committee, and while it is theoretically

possible for the Senate to take action on its version and then send it to the House for consideration, key senators have made clear that they wanted to make clear that they wanted to move themselves that session of Congress and has only a slim chance of being resurrected in the mid-term future.

An analysis of the voting pattern in the House underlines the shift in opinion. Unlike 1974, most of the congressmen from oil states came out against the measure. Perhaps more significantly, the vast majority of first- and second-term representatives were solidly against it.

Their attitudes were apparently much influenced by criticisms that the Bill amounted to political repayment of contributions by maritime interests to the election campaigns of President Carter and individual congressmen. An aide to Mr. John Murphy, the New York Democrat who has long been a sponsor of cargo preference measures, conceded this morning that the prospects for any form of resurrection were remote.

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possible for the Senate to take action on its version and then send it to the House for consideration, key senators have made clear that they wanted to move themselves that session of Congress and has only a slim chance of being resurrected in the mid-term future.

The original Administration had grown lukewarm in its commitment to the enact a 30 per cent. Even so, yesterday's

position, principally shaped by which took place amid what

seems of parliamentary session was a major surprise: 90-plus margin against the staggered its supporters.

had been confidently predicted when Mr. Carter's Government was doing its best to mend its broken fences with organised labour.

However, it was widely noticed as the Bill wound its way through Congress, that the administration's heavy weight appeared on Capitol Hill to testify on its behalf. The appearance of support remained, but substance and muscle were lacking.

Mr. Strauss' credit for the defeat

Common Cause, the public interest lobby which has drawn

attention to the political contributions made by maritime

organizations. The weight of

its arguments carried with

the young members of the House

is unlikely to disappear in a hurry.

Canadian referendum on Quebec

BY VICTOR MACKIE

OTTAWA, Oct. 20.

MR. PIERRE Trudeau, the Canadian Prime Minister, has announced that the Federal Government is considering holding a national referendum on the question of Quebec independence. All Canadians must have a say on the political future of Quebec, Mr. Trudeau said.

Speaking during the parliamentary debate on the Queen's speech from the throne yesterday, he said: "The Government would be presenting a Bill to Parliament to empower it to hold a national referendum. In addition to the referendum law, Mr. Trudeau is planning a two-month round of visits to the 10 provincial capitals for talks with their Premiers on national unity."

Responding to questions from the Opposition leader, Mr. Joe Clark, the Prime Minister refused to say whether the question of a national referendum had been discussed in Cabinet.

Mr. Trudeau told Parliament: "We believe that one is not able to take away from Canada a part as essential as the province of Quebec without the Canadian body being concerned."

The committee is charged with trying to reconcile the Energy Bill passed by the House, which more or less contains everything Mr. Carter wants, with the one passed by the Senate, which effectively removes all the new taxes proposed by the Administration to encourage energy conservation and would also deregulate completely the price of newly-discovered natural gas.

However, at its first meeting

Concorde noise victory

BY JOHN WYLES

NEW YORK, Oct. 20.

CONCORDE'S FIRST take-off from New York's Kennedy Airport drew the expected noise complaints from local inhabitants to-day although it was not

loud enough to be picked up by

noise measurement machines.

This caused perceptible

embarrassment within the Port

despite the fact that all aircraft

are leaving the ground half way

New Jersey, whose han

delayed Concorde's use of the

airport by 19 months. Under this

British Airways claimed that

their machinery had registered

register on the Authority's

machinery which record all noise

decibels. All of which leaves the

noise measurement machines.

The machinery is placed at the

end of the main takeoff runways

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WORLD TRADE NEWS

McDonnell Douglas going ahead with stretched DC-9

MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS is going ahead with a bigger version of its DC-8 jet airliner, the Super 80, and has won orders and options for "stretched fuselage" over earlier DC-9s, so far, from Swissair, Pan American Airlines and Southern Air Lines of the U.S.

The McDonnell Douglas decision is considered certain to stimulate the other major manufacturers, Boeing and Lockheed, into instituting quickly their own future designs. Neither can stand back and watch McDonnell Douglas capture orders originally that venture began in the U.S. without fight.

Boeing is offering improved versions of its 727 short-to-medium haul airliner, and has been discussing more advanced aircraft such as the 737, 757 and 767 with the world's airlines, while Lockheed has been offering short-haul versions of its TriStar.

The McDonnell Douglas decision also serves notice on the European manufacturers, including British Aerospace and Aérospatiale of France, that they are quiet than earlier cannot now afford to take too long in settling the share of any major new European civil aviation venture for the 1980s.

Supercoupler pipe

Rate

THE BOOK PAGE

This week the Book Page will be published in Saturday's issue of the

FINANCIAL TIMES

instead of on Thursday, as is usual.

We apologise to readers for any inconvenience this may cause.

Europeans named in U.S. steel complaint

By David Bell

WASHINGTON, Oct. 20.

NATIONAL STEEL, the third largest U.S. steel producer, today became the latest American company to file a dumping complaint and the first to direct it at major exports from European manufacturers.

National's complaint, which will now be considered by the U.S. Treasury, involves exports of sheet steel. It alleges that major steel makers in Britain, Germany, France and Italy, France and Belgium have been dumping this type of steel in the U.S. market. Sheet steel is used in consumer goods, cars and other products.

The company said that Britain's manufacturers are being accused of dumping only cold rolled sheet steel, whereas producers in the other five EEC nations are alleged to have dumped both cold rolled sheet steel and galvanised sheet steel in the U.S.

Indeed, it could turn Italy into a kind of "Spaghetti Junction" for a wide-ranging pipeline network feeding gas to Germany, Switzerland, Austria and France.

But it is the end of a long story. At the beginning, the Italian national oil company, Ente Nazionale Idrocarburi (ENI), whose chairman, Sig. Pietro Sette, will sign the deal this week-end on behalf of the Italian Government, had mixed feelings.

It was, in effect, the mineral agency of the Sicilian Regional Authority which first took the matter up when it formed a joint company in the mid-1960s with the Algerian state oil group, Sonatrach. The new company commissioned the American Bechtel Engineering consulting group to carry out technical and economic feasibility studies for an underwater pipeline linking North Africa and Sicily. Its conclusions were favourable, but the Italian authorities considered the project too ambitious to meet the relatively modest gas needs of its southern island.

Any misgivings the Italian

ALGERIAN PIPELINE

Italian gas plan succeeds at last

BY PAUL BETTS IN ROME

MORE than a decade of political discussions—and often total deadlock, especially with Tunisia the end of the sixties, Italy's so-called "economic miracle" subsequent steep rise in energy requirements.

But as ENI commissioned its two engineering subsidiaries, SNAM Progetti and Saipem, to start research and trials for the underwater section of the pipeline, the Tunisian Government began obstructing the project.

Negotiations between Tunis and Rome eventually broke down over Tunisian demands for a ten per cent share of the total gas carried by the projected pipeline.

At the end of last year, Algeria and Italy, which had invested substantial funds in

the pipeline project, had to be renegotiated to the Tunisian Government a five per cent share, or close on the gas. On Monday, this formal record will be signed in Tunis.

Under the \$3bn. contract, Algeria will have the ownership of the section of the pipeline on its territory, the Tunisians will own their portion, and Italy the part on its mainland and across the Straits of Messina. The section under the Straits of Sicily will be owned jointly by a company consisting of Sonatrach and the ENI subsidiary, SNAM.

Planning and construction of the pipeline is expected to be carried out almost entirely by Italy, especially now that the Andreotti Administration decided to drop the pipeline project and a new agreement for Algeria to supply Italy with liquefied gas by the much more costly tanker process was reached.

The decision to formulate a new alternative accord is an indication of the importance both

Governments attached to the deal. For the Italians, opposition to and extended delays in the country's embryo nuclear energy programme made increased gas supplies all the more urgent for Algeria.

Algeria had by then embarked on its own ambitious development plan to make the country economically self-reliant by the mid-1980s, and with the prospect that Algerian crude reserves would run out by about 1990, it became crucial for the country to start earning valuable foreign currency from gas by the early 1980s.

Then came the Tunisian change-of-heart. Despite the traditional ideological and political differences between President Habib Bourguiba of Tunisia and Colonel Houari Boumedienne of Algeria, the former indicated last June to Rome that he was willing to reconsider the whole pipeline project.

The following month Tunis

when pipelines from the Netherlands and the Soviet Union came on stream supplying between them an additional 12bn. cubic metres of gas a year to the 14bn produced by the country's own gas fields and some 3bn. imported from Libya.

But it now had to find an added steady annual supply of 12bn. cubic metres to avert the threat of a power shortage in the mid-1980s. It therefore turned to Algeria, whose desert

contains the world's largest deposits of gas, conservatively estimated by the World Bank at more than 60,000bn. cubic metres, and started secret negotiations with Sonatrach for the Mediterranean pipeline.

Although the technical difficulties of laying a 300km section of the pipeline on the highly irregular bed of the Mediterranean at depths ranging from 1200 feet and 2000 feet still had to be overcome, Italy and Algeria signed an initial agree-

ment in 1973. However, this however, soon disappeared by the end of the sixties. Italy's so-called "economic miracle" subsequent steep rise in energy requirements.

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the pipeline project, had to be renegotiated to the Tunisian Government a five per cent share, or close on the gas. On Monday, this formal record will be signed in Tunis.

Under the \$3bn. contract, Algeria will have the ownership of the section of the pipeline on its territory, the Tunisians will own their portion, and Italy the part on its mainland and across the Straits of Messina. The section under the Straits of Sicily will be owned jointly by a company consisting of Sonatrach and the ENI subsidiary, SNAM.

Planning and construction of the pipeline is expected to be carried out almost entirely by Italy, especially now that the Andreotti Administration decided to drop the pipeline project and a new agreement for Algeria to supply Italy with liquefied gas by the much more costly tanker process was reached.

The decision to formulate a new alternative accord is an indication of the importance both

Governments attached to the deal. For the Italians, opposition to and extended delays in the country's embryo nuclear energy programme made increased gas supplies all the more urgent for Algeria.

Algeria had by then embarked on its own ambitious development plan to make the country economically self-reliant by the mid-1980s, and with the prospect that Algerian crude reserves would run out by about 1990, it became crucial for the country to start earning valuable foreign currency from gas by the early 1980s.

Then came the Tunisian change-of-heart. Despite the traditional ideological and political differences between President Habib Bourguiba of Tunisia and Colonel Houari Boumedienne of Algeria, the former indicated last June to Rome that he was willing to reconsider the whole pipeline project.

The following month Tunis

when pipelines from the Netherlands and the Soviet Union came on stream supplying between them an additional 12bn. cubic metres of gas a year to the 14bn produced by the country's own gas fields and some 3bn. imported from Libya.

But it now had to find an added steady annual supply of 12bn. cubic metres to avert the threat of a power shortage in the mid-1980s. It therefore turned to Algeria, whose desert

contains the world's largest deposits of gas, conservatively estimated by the World Bank at more than 60,000bn. cubic metres, and started secret negotiations with Sonatrach for the Mediterranean pipeline.

Although the technical difficulties of laying a 300km section of the pipeline on the highly irregular bed of the Mediterranean at depths ranging from 1200 feet and 2000 feet still had to be overcome, Italy and Algeria signed an initial agree-

Tory trade warning to Russia

By David Lascelles

A CONSERVATIVE Government would take a much tougher attitude towards trade with the Soviet Union, especially over such things as cheap credits and exports of militarily sensitive goods, the party's French spokesman on trade, Mr. John Nott, indicated yesterday.

Speaking at a luncheon given by the British-Soviet Chamber of Trade, Mr. Nott emphasised that Tory policy was also to expand trade with the Soviet Union.

Mr. Nott launched a strong attack against the Labour party of leading the way to expand trade with the Soviet Union.

Mr. Nott's improved balance of payments, he said, meant there was no reason for Britain to lead the scramble to offer cheap credit. The Russians were being lent money at 7 per cent. interest which it cost the British Government 15 per cent.

In reply to Mr. Nott's speech, the Soviet Ambassador, Mr. Nikolai Laskov, said that last week's visit to Moscow by the Foreign Secretary, Dr. David Owen, had been very useful, particularly over trade matters, and he hoped Mr. Nott would soon have cause to change his tune.

Editorial Comment, Page 22

Continued demand for ECGD services

Financial Times Reporter
NEW FIGURES of the value of exports insured by the Export Credit Guarantee Department show a continuing rise in the demand for the department's export insurance and financing facilities.

In the field of short-term export business (goods sold on up to six months' credit) ECGD is now covering U.K. exports at the rate of £12bn. a year. This compares with a total of £9.4bn. last year, and is about double the value of short-term business insured by ECGD two years ago.

Weir in £17m. plant deal

By Ray Perman
Scottish Correspondent

ORDERS TOTALLING £17m. to build three sea water desalination plants for Saudi Arabia are expected to be confirmed shortly by the Weir Group of Glasgow. Letters of intent authorising work to start have already been issued.

The largest of the three installations will produce a million gallons of fresh water a day for a new town development near Jeddah. It has been designed by Weir Westgarth, who will also supervise its assembly and commissioning.

WE'D BE THE FIRST TO AGREE THAT CARBON HAS LEFT ITS MARK ON BUSINESS EFFICIENCY

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HOME NEWS

Pesticide standard could cut costs

By Kevin Done, Chemicals Correspondent

THE RESEARCH and development period for bringing new pesticides into commercial use could be cut by two years and save the chemical industry millions of pounds if a new international initiative to standardise test procedures is successful.

Next Monday the United Nations Food and Agriculture Organisation is convening a five-day meeting for government representatives in Rome to consider ways of harmonising the great variety of tests demanded by different national authorities.

The agrochemical industry is concerned that the growing divergence of test regulations around the world will inflate the costs of developing a new pesticide to such an extent that innovation in the industry will be curtailed and the availability of some urgently needed products will be limited.

Mr. John Smith, general manager of the agrochemical division of Shell International Chemicals, said yesterday that at present, it costs between \$17m. and \$18m. (about £10m.) to develop a pesticide from discovery to market launch.

The international agrochemical industry federation, GIFAP, has been invited to take part in the meeting and will be pressing for standardisation.

Mr. Smith, who is the British representative on GIFAP, said it was feared that if basic toxicology and other evaluations had to be repeated for each national market, the resources of the industry would be overwhelmed and the search for improved products would suffer.

Last year the world agrochemical market was worth more than \$7bn. and of this the U.K. industry accounts for about 3 per cent. It is essentially an international industry and no single market in the U.S.—is large enough to justify the development of new products for its exclusive use.

D'Oyly Carte company in cash crisis

By Antony Thorne

THE D'Oyly Carte Opera Company, for generations the purveyor of Gilbert and Sullivan opera in the traditional manner, faces a cash crisis. Costs of touring, and the occasional failure to play to the usual full houses, mean that the company is losing £2,000 a week.

It has decided to abandon plans to put on a centenary production of "The Sorcerer" at Leeds next month, but is continuing with its touring programme, including a trip next April to the U.S. Basically, it is firing a warning shot in the hope that the Arts Council, to which it made an unsuccessful approach in the 1960s, or industrial sponsors, will come forward with financial aid and ensure the survival of the 70-strong company.

The D'Oyly Carte is no stranger to working with business companies. Its American tour last year was a commercial success partly because Rolls-Royce, Yardley and Barclays Bank International helped out, and Barclays was also supporting the company in its performances in Aberdeen last week.

Its future is secure, but it can no longer assume that it will make a profit, and will be responsive to either Government or industrial offers of subsidy.

ICL sacks 80 over expenses

By Rhys David

ABOUT 80 workers at International Computers' main plant in Manchester have been dismissed after discovery by external auditors of "serious irregularities" in expenses claims. Police Fraud Squad officers began their own inquiries yesterday into the discrepancies, thought to involve about £18,000.

The company said that when auditors found irregularities were found, individuals concerned were asked to interviews with senior management to give an explanation.

The men are believed to have refused to do this. Dismissal notices were as a result issued this week, giving them seven days in which to appeal.

Rise in carpet manufacturers' daily sales

Financial Times Reporter

The daily rate of sales by carpet manufacturers in July was 19 per cent higher than a year ago, at current prices according to a provisional estimate in "Trade and Industry" magazine. This assumes 21 working days in July, 1977, and 22 working days in the same month of last year.

In the three months ended July this year, the daily rate of makers' sales is put at 11 per cent above that for the same period of 1976, assuming 63 working days during the 1977 period and 64 in 1976.

Alfred Herbert puts 460 on three months' notice

By ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALFRED HERBERT, the State-owned machine tool company, yesterday gave three months' notice that up to 460 workers at Edgwick, its main Coventry plant, could be made redundant.

The move underlines the depth of the recession in the machine-tool industry. Other companies are known to be considering cuts, with spare capacity running at more than 20 per cent, and no sign of an upturn in demand.

At Edgwick, Herbert is planning to cut capacity by 25 per cent. Discussions are under way with the trade unions on how to achieve the rundown of the 2,000-strong workforce.

Short-time working is being considered, but Mr. David Davies, the finance director, warned last night: "There is a very real danger that we may have to go all the way through and implement the redundancy."

Special marketing studies are undertaken for the Edgwick plant, which believes that it would be

imprudent to increase the facility and further mortgage its future.

Mr. HAROLD LEVER, Chancellor of the Duchy of Lancaster, is to open next month the first of a series of conferences devoted to the problems of how small businesses survive in inner cities.

The conferences launch a new aspect of the Government's growing interest in the plight of such companies. This will bring together the Department of the Environment's interest in developing the inner cities—on which a White Paper was published in June—and the work of the small businesses division of the Department of Industry.

The Government's interest in small companies has been boosted recently and Mr. Lever is preparing a report for the Prime Minister on what tax and other measures could be taken to help them.

The conference to be opened by Mr. Lever will take place on November 25 in Lambeth, London, and will be the first of eight to be held around the country, several of which have been chosen for special development programmes under the Government's inner city policy. They are Birmingham, Leeds, Liverpool, Manchester, Nottingham, and Hackney in London.

The conferences will all be addressed by Minister and their main aim will be to find out how local authorities and others can improve the situation for small companies in inner cities.

Part of the scheme's objective is also to help the Government to develop urban policies which will give businessmen more confidence about the viability of developing companies near city centres. The Government wants to encourage local authorities to shield themselves by use of the Fifth Amendment, a device which relieves a witness from giving evidence which might be self-incriminating.

The U.S. was entering into our sovereignty, said Mr. Silkin. "There could be a rather example of excess of jurisdiction."

Commenting on the doctrine of comity—the philosophy of judicial co-operation between nations—Mr. Silkin said it was "a two-sided arrangement."

Mr. Silkin told the Law Lords that the matter of RTZ's evidence in the U.S. courts "had been the subject of fruitless diplomatic negotiations with the U.S."

U.S. criticised in RTZ case

By PAUL CHEERSWRIGHT

U.S. JUDICIAL policy was pre-judging British sovereignty, Mr. Sam Silkin, the Attorney General, claimed in a Lord's speech yesterday. The operation of a cartel.

The second is a grand jury investigation, instigated by the U.S. Department of Justice, into the actions committed outside the U.S.

Mr. Silkin cited U.S. Department of Justice documents to show that the evidence apparently sought from RTZ for the Richmond court was really wanted for the Illinois case and the grand jury investigation.

Attempting to apply its domestic law to foreign nationals for the

actions committed outside the U.S.

Mr. Silkin was intervening for the Government in an appeal case in the House of Lords.

The result of this case will decide whether seven directors of the Rio Tinto Zinc Corporation will be obliged to give evidence in a case being heard in Richmond, Virginia, where power companies are seeking damages of \$2bn. from Westinghouse Electric for failing to honour uranium supply contracts.

The arguments submitted by Mr. Silkin hinged around the purpose to which any evidence provided by RTZ would be put and the activities of the U.S. Department of Justice in relation to the Richmond hearing and other proceedings.

Mr. Silkin summarised an aide-memoire sent by the Government to the U.S. authorities in June expressing grave concern at what it saw as a Department of

Westinghouse has accused 29 uranium producers, among them

of a cartel, of conspiring to raise prices through the operation of a cartel.

The Hague Convention provides a means where the courts of one country can seek evidence from nationals of another in proceedings.

Despite strong protests, the U.S. Department of Justice had granted an immunity order to the RTZ directors. This meant that they would not be able to shield themselves by use of the Fifth Amendment, a device which relieves a witness from giving evidence which might be self-incriminating.

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Drop in £ 'may have cost companies £5bn.'

By MARY CAMPBELL

COMPANIES may have lost as much as £5bn. as a result of the fall in sterling in recent years, available, hence the estimate of it suggested in a study.

Foreign Currency Debt Management, by John Chown and Malcolm Finney, Published by J. F. Chown and Co. price £15. An Inland Revenue discussion

British Rail to sell ferries

By Ian Hargreaves

BRITISH RAIL admitted yesterday that two passenger ferries it bought for £40,000 could not be brought into service because of their poor handling qualities.

The vessels, destined originally for the heavy loss-making Tilbury-Gravesend service, will now be sold.

Sealink has been working to improve the operational capabilities of the ferries since the vessels failed to meet Department of Trade standards when examined last autumn.

About £4,000 has been spent on modifications for use on the Thames.

Last night Sealink said that neither British Rail nor the Department of Trade was satisfied that the operational requirements could be properly met by the vessels. "We have found that they are too lively for the service and that this would not be acceptable for passenger comfort."

Sealink hopes to recover its costs by selling the vessels through the normal trade channels.

The two vessels involved, and the Gravesend-Tilbury service, are a chequered past. Sealink says it has lost thousands of pounds on the route, which it is legally obliged to keep open.

After Kent and Essex County Council withdrew grant aid for the service, it decided to use smaller vessels bought from a ferry service on the River Dart which it used to run itself.

The amount spent on the new boats was said to be less than the annual cost of maintaining the existing Catherine and Edith.

Building societies in merger plan

DIRECTORS of the South West Wales Building Society are recommending to their 3,800 shareholders a proposal to merge with the Bristol and West Building Society.

Because of the complexity of these measures—there will be separate Bills for devolution to Scotland and Wales—the Government's business managers want to introduce both as soon as possible in order to get them on the statute book next year.

In particular, Ministers are

anxious to see the Scottish development proposals approved by Parliament well before there is any need for Mr. Callaghan to call a General Election. Within

on Thursday week.

Most of the session is already pre-empted by the two major constitutional measures left over from the current session on devolution and direct elections to the European Parliament.

Because of the complexity of these measures—there will be separate Bills for devolution to Scotland and Wales—the Government's business managers want to introduce both as soon as possible in order to get them on the statute book next year.

Mr. Callaghan's speech on

the 31-hour Cabinet meeting, when the new measures were announced, also heard a report from Mr. Callaghan on his visit in advance of the Queen's speech.

On Tuesday and also discussed the developments in the

next two weeks to complete

details of the Queen's speech

for what will probably be the final session of this Parliament.

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Financial Times Friday October 21 1977

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Engineering
Is back

The Paris-New York Headstart. A daily event beginning November 24th

(First official flight November 22nd.)

As of today, you can make your reservation for a 4-hour Headstart on the rest of the world.

November 24th marks the debut of daily supersonic service between Paris and New York. The Headstart

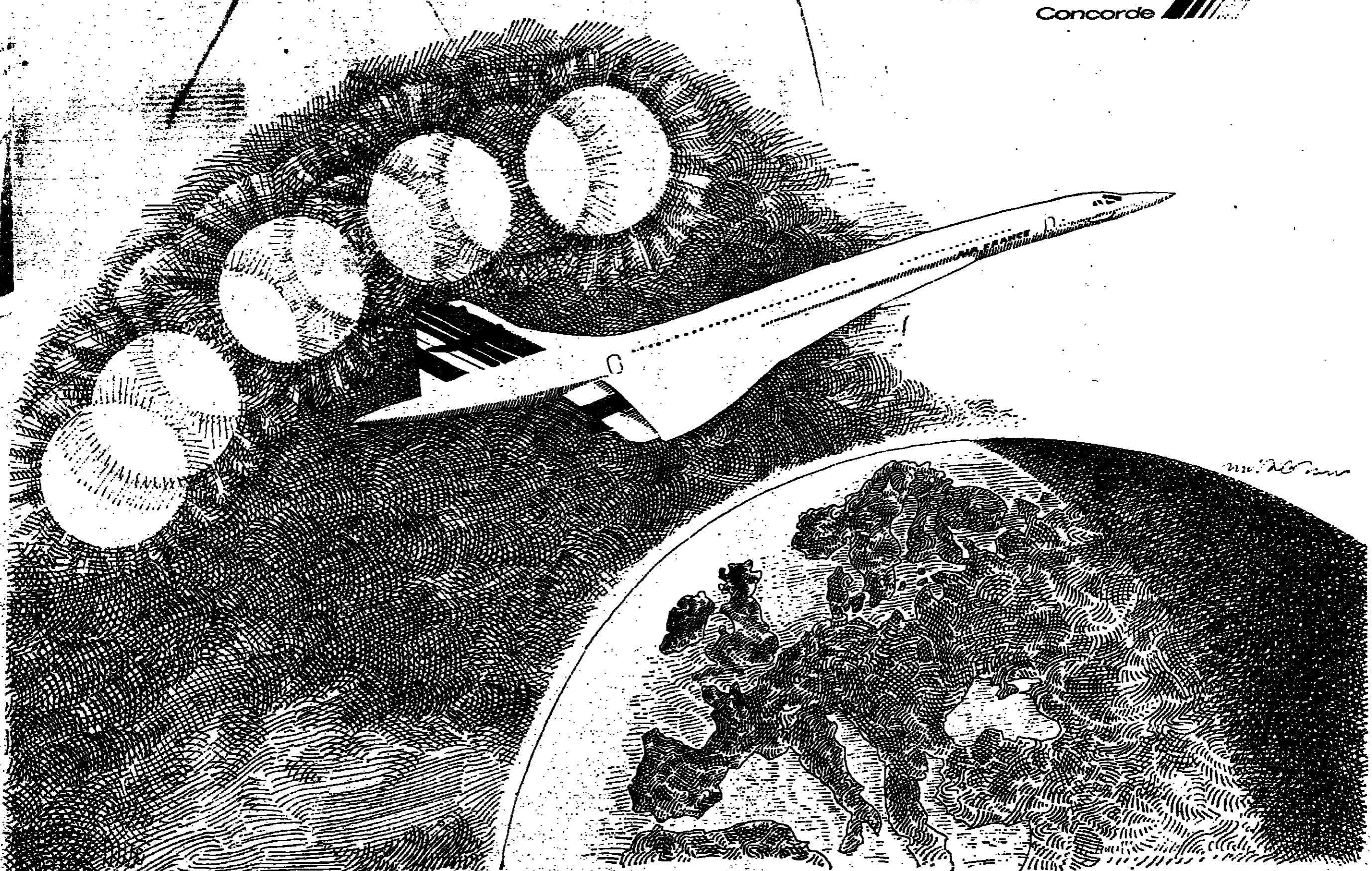
Flight leaves Roissy at 11 a.m. and arrives at J.F.K. Airport in New York at 8:30 a.m. local time.

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HOME NEWS

Minister protests at GLC plan to sell houses

BY JOHN LLOYD, INDUSTRIAL STAFF

ACCUSATIONS OF "gross irresponsibility" and "wanton vandalism" have been made by a junior Government Minister and heartbreak caused to individuals awaiting rehousing in London Council's policy of sell-decent homes cannot be brushed aside, and I therefore urge you to reconsider and scrap this ill-conceived approach towards solving Inner London's housing problems in general and Islington Cutler, GLC leader, in protest on's in particular."

Mr. John Grant, MP for Islington Central and Joint Parliamentary Under-Secretary for Employment, has written to Mr. Horace Cutler, GLC leader, in protest on's in particular," because the council had decided to sell 2,000 of its houses still under construction in Islington. Grant had "obviously been ill-advised." He was writing to him in his letter Mr. Grant says: "It must surely be accounted an to point out that of the 2,000 Islington were in line with that of wanton vandalism to houses being built by the GLC policy, he said.

Southwark £3m. for industry

BY OUR INDUSTRIAL STAFF

THE BOROUGH of Southwark Section 25 of the Local Government (Miscellaneous Provisions) Act 1976 has become the first in London to use money saved as a result of the Government's expenditure guidelines to stimulate industrial investment. A total of £3m. has been made available.

Southwark was able to transfer funds from its rate account to an industrial development account under the provisions of

partnership with private industry. One significant saving in expenditure by Southwark has been on transport services down by 22 per cent. since 1974.

The money will be used to demolish old buildings, provide new industrial premises and to refurbish existing buildings.

Much of the money will be allocated to the Surrey Docks area, where 400 acres are available for industry.

£52m. EEC plan for Ireland links

BY OUR BOSTON CORRESPONDENT

MR. ROY JENKINS, President of the European Commission, had talks with Government ministers and officials in Ulster yesterday about proposals for a £52m. project to improve cross-border transport and telephone links in North-West Ireland.

An air link between London, Derry and Dublin is one of the main proposals in a study prepared for the EEC by a group of consultants.

It suggests a ten-year plan to improve road, rail, air and telephone links between Co. London, Derry in Northern Ireland and Co. Donegal in the Republic at a cost of about £40m.

A supplementary programme running into the 1980s and costing about £12m. at today's prices is also proposed.

The study was commissioned and financed by the EEC with the approval of both the Dublin and London governments. Its recommendations will be published in full after consultations with the two governments. The EEC is understood to be prepared to pay up to half the costs of the proposed development.

Wealthy 'should live in city centres'

BY RHYD DAVID

EFFORTS TO revive Britain's parts of cities. Inner urban areas should concentrate to a much greater extent on encouraging the relatively affluent wealth-creating members of the community to move in and become the majority. The National Housing and Town Planning Conference was told yesterday.

Professor Graham Ashworth, of Salford University, speaking at the conference in Harrogate, claimed that the Government was wrong in seeking to boost manufacturing employment opportunities for the existing population of inner urban areas. This could simply result in all available resources being devoured, denying needed investment to other

skilled employees who chose to live on the outskirts.

But energy shortages and increasing journey to work costs were encouraging the affluent to purchase and renew, or completely rebuild, downtown areas. This movement, with suitable controls, should be supported.

The annual report of the British Tourist Authority, 64 St. James's Street, London SW1A 1NF, 85p.

Figures published by the Central Statistical Office yesterday show that the private investors reduced their holdings of company securities by £500m. in the second quarter of the year. The main change in financial assets was an increase of £1.6bn. in building society deposits compared with increases of £514m. and £735m. in the previous two quarters. Total reduction in company securities of £1.04bn. for the first six months of the year should be about £100,000.

The consultants suggest that financial support should be given for the Londonderry-Dublin air service for a trial period. They say that, assuming demand for the service were to grow steadily, the total reduction in company securities of £1.04bn. for the first six months of the year

should be about £100,000.

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The fact we're buying in doesn't mean you're selling out.

There comes a time when the shrewdest move you can make is to look for equity finance.

Indeed, the faster you're planning to build your business, the wiser it is to strengthen its base.

And, at the same time, let someone else share the risk.

After all, a risk shared is a risk halved. Even though, at ICFC, we never want anything like a half share in your business.

We only buy a minority holding. And the decision to sell is always yours.

So it stays your business.

Our business is only to invest in businesses. Not to run them.

Right now, we have equity investments of £56 million in over 800 companies. As well as the £155 million we've loaned to 2200.

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Bankers at Mansion House

THE CHANCELLOR OF THE EXCHEQUER

Britain 'must seize chance to reverse relative decline'

THERE WAS now a real possibility of Britain reversing the decline in her economic performance relative to those other countries which had been more monetarily successful over the last 15 years, by only 1 per cent. Long-term interest rates have been progressively reduced, and short-term rates have fallen to one third of the level of last year.

The biggest check to growth was falling on those countries, such as Japan and Germany, which had grown fastest in the previous decade.

There was now a good prospect that, with the help of North Sea oil, Britain would succeed in raising her post-war growth rate over the next 10 years, while others grew more slowly than in the past.

The Chancellor said: "We are meeting here to-night in a very different atmosphere from a year ago. Then sterling was at its lowest point against the dollar, and our official reserves had fallen to less than \$5bn. The steps we took last December, added to our earlier action on public expenditure and rounded off with the IMF drawing and the Basic Agreement on sterling balances, have transformed the situation in a way which is now agreeably familiar to you all."

"Sterling has remained in strong demand and our reserves had risen nearly four-fold by the end of September to just over \$17bn—a record figure, though not excessive in the light of our trading operations and overseas debts."

"During this period, the Government has also succeeded in maintaining general stability for our currency in the exchange markets. We have held the effective rate index for sterling fairly steady since the beginning of the year, despite major fluctuations in international exchange rates."

"I believe this period of stability has been generally welcome in those involved in trade and industry."

The strength of sterling and the rise in our reserves is clear evidence of continuing international confidence in the U.K. economy. That confidence is based on the policies we announced last year, the fact that we have stuck to them and now, increasingly, to the improvements which they are producing in our position."

"First, the Government is well within the financial ceilings it set itself a year ago. Public expenditure will be within the planned level we announced for 1977-78. All additions in programmes for the course of this year are being met from the contingency reserve."

"Cash limits, which we introduced successfully last year, have made a major contribution towards public expenditure control and are being maintained effectively this year. Public sector borrowing this year is running significantly below the agreed ceiling of £5bn."

"So far this year, domestic credit has been expanding at only about one-third of the rate permitted in the ceiling. And despite the effect of exceptionally large inflows of foreign currency, the growth of the money supply on the broader definition has kept within the range of 8-13 per cent. A year activity has been less than hoped

set out in my Budget speech—for and expected, though with inevitable fluctuations from month to month.

"Indeed, over the past 12 months, sterling has grown quarter as consumer price rises have been more modest, and long-term interest rates have been progressively reduced, and short-term rates have fallen to one third of the level of last year.

"All this has helped to reinforce the progress we have made in reducing inflation. The second round of voluntary pay

setbacks earlier this year, in

the Government's guidelines and the intolerable waste of human and material resources. It creates

Union Congress in favour of a climate in which it is difficult to maintain the 12-month rule to set agreement on the changes in work practices which are have had a powerful influence on the outcome of pay negotiations.

"As you will have seen, the Government's guidelines Tax cuts this year have checked the level of unemployment in real take-home pay while,

"Moreover the high and rising rates have fallen dramatically. These developments have significantly improved the climate for pay bargaining and industrial investment."

"The third major improvement is in the balance of payments. Last year we had a deficit on current account of £1.4bn. This year we have been moving steadily into balance and somewhat faster than I expected. In the three months to September there was a surplus of £500m. on current account, leaving a deficit to the first nine months of the year of some £180m."

"Of course, this improvement is much to the steadily increasing output of our North Sea oilfields. But there has also been a very satisfactory growth in the volume of our exports, which was 13.7 per cent up in the third quarter on a year ago."

"Exports of manufactured goods—excluding erratic items—have been particularly buoyant, and showed an increase of nearly 31 per cent in the third quarter on the second. All this despite the fact that the growth of world trade in manufactures in the first half of this year has been slower than expected, at about 4 per cent, above a year earlier. So the U.K. has increased its share of world trade."

"The success of the stabilisation programme which we have been pursuing since the end of last year has therefore been most gratifying. Indeed, it drew the comment of 'astonishing' from Mr. Witteveen, the managing director of the IMF, at the Fund's annual meeting. He went on to say that he, like me, views the improvement in our financial position as a basis for achieving a more satisfactory development of the real economy in the near future."

For Mr. Witteveen rightly drew attention to the darker side of the picture. In Britain as in nearly all other countries the economy in general and inflation

emphasised the need for growth. In particular have developed

"That growth must be led by over the winter."

stability and threatens free trade in financing the forces of protectionism. This is a consequence which we shall ignore at our peril.

"Import restrictions have been multiplying in many countries in the past 12 months, and could soon produce an escalating chain reaction. They are the direct and inevitable consequence of the

unemployment which accom-

panies low growth."

"Both in Washington at the annual meeting of the IMF and in more recent meetings with my European colleagues, I have

expressed concern at the failure of the world economy to expand as planned, and at the unemployment and protectionism which

inevitably follow on that failure."

"There are now some 16m. unemployed in the industrial

sector of the world and the number of still

of domestic demand that the

world must look for the sort of

growth from which all can benefit.

"The question is then, how far

we in Britain can contribute to

the necessary expansion of

world trade in manufacturing.

"In the Budget and in my

July statement, I announced tax

and expenditure changes costing

£1.5bn. in the current year.

These were well within the limits

announced for the PSBR and

DCE and the forecast range for

sterling M3 in 1977-78."

"I expect them to add about

a half of one per cent to GDP

by the middle of next year. But

partly because of disappointing

investment levels, and partly

because of the low increase in

world trade, our growth this

year seems likely to fall short

of our objectives."

"Of course, I cannot now anti-

cipate the decisions I shall take

in my Spring Budget to affect

the next financial year. The

time to take those decisions will

be when we know how the

Government's guidelines to pay

negotiations are not just a policy.

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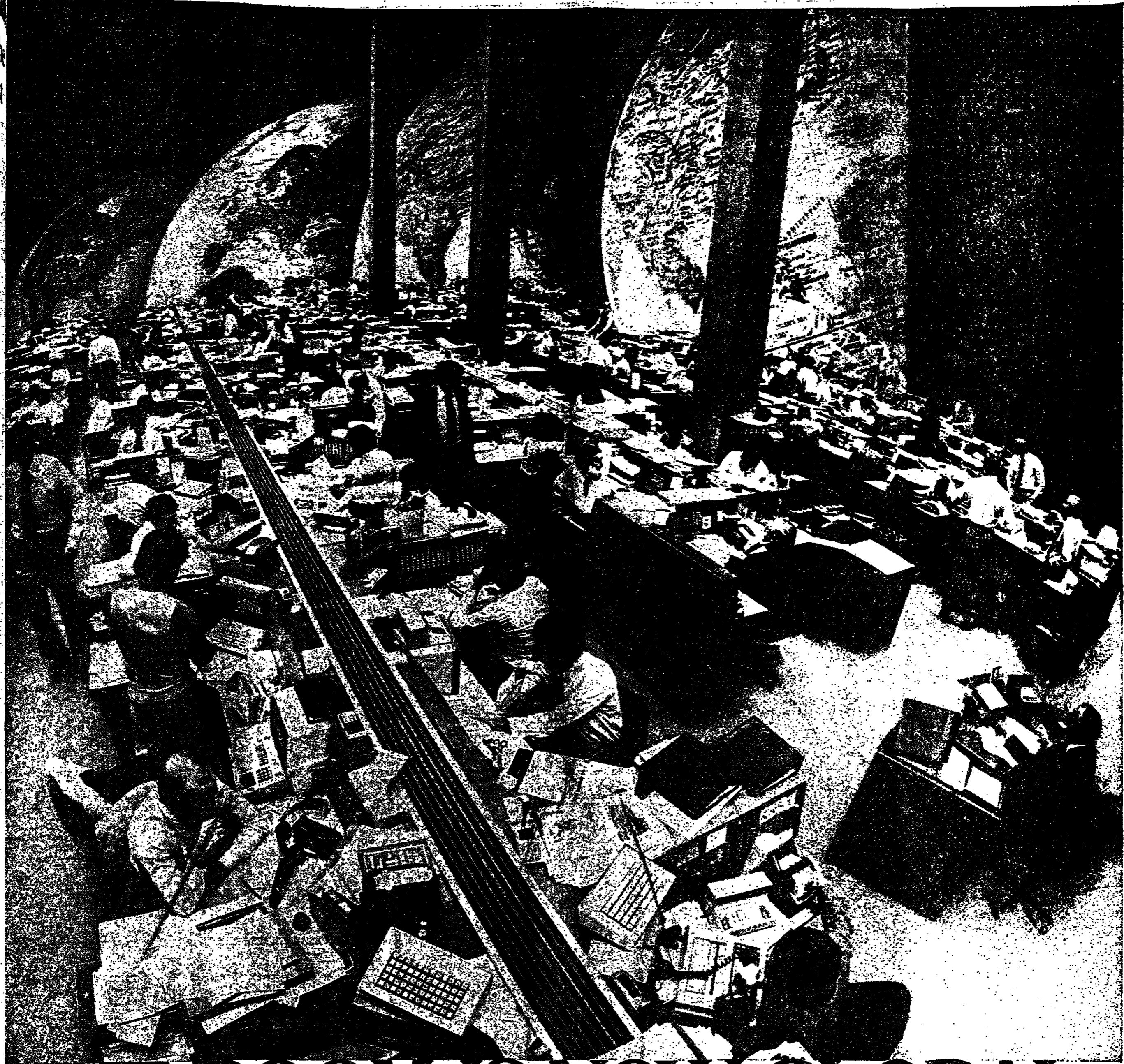
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The dimensions of Salomon Brothers' trading room are now global. Why? Because the needs of the corporations, governments and institutions we serve are now global.

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When you need a guide to the money markets, ask a member of the London Discount Market

If you have large sums of money to invest short term or you're thinking of buying money market instruments, Cater Ryder will help you.

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THE WASHINGTON METRO

How to scare off the commuter

EVER SINCE the latest stage of buy a fleet of new buses for the Washington underground \$40m, which could take all the rail network was opened amid new passengers expected to use great fanfare more than three BART between now and 1990. months ago, things have been Buses would be more flexible going from bad to worse. Doors in their use and not very much have jammed; the computer slower. They would cost less to control has been erratic—and a buy than the current operating deficit of BART in a single year.

An exasperated letter-writer in the Washington Post enquired angrily why it was that a argument about energy stretch of London underground saving. In a report issued this built in 1865 works a great deal better than Washington's brand new Metro, as the system is pools actually use less energy than mass transportation.

But the current problems of the system of, at present, 17 miles do not merely concern the energy consumed in building increasingly testy commuters. It is new systems makes them to have been a showpiece of what could be done to attract motorists on to public transport. The makers of these systems an example for other cities to follow. Instead it is in danger of becoming a cautionary tale rail systems are still the best and has already contributed to way to move large numbers of people rapidly over short and medium range distances. Yet the experience with the Washington Metro suggests, at the very least, that planners should think very carefully before committing themselves to projects of this kind in the future.

Everyone is theoretically agreed, in these energy conscious days, that using a car to commute to and from work is rather anti-social. The U.S. Department of Transportation, for instance, calculates that if twice the relatively small number of people who now use public transport took the bus or the train it would save 1.5bn. imperial gallons of petrol a year. The accepted wisdom since the department was set up under President Johnson has been that new rail systems are will hazard a guess when or the most effective way of enticing people out of their cars, and that they are also the most energy efficient. Several new systems have already been built, notably the Bay Area Rapid Transit System (BART) in San Francisco and a new line near Philadelphia. But now, as in Europe, doubts have begun to arise.

Rapidly rising building and running costs are one reason for the shift. San Francisco planners reckon that they could or some \$126,000 a foot. It is now more than eight years since construction started and the first 60 miles of the proposed 100 mile network are not expected to be completed until 1983 at the very earliest. So far only 17 miles of track have been opened and they only operate on five days a week. No one sees an eventual cost of about \$5.1bn. Even that can be considered cheap in comparison with the cost of extending one with the cost of extending one New York line by only two blocks (less than 1 mile). That bill is expected to be for \$156m. In the resulting delays, time-consuming, costly, and leads into all kinds of political minefields.

The original estimate was that the system would cost \$2.5bn. or about \$25m. a mile. The latest estimate, which no one takes very seriously, foresees an eventual cost of about \$5.1bn.

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In the particular case of Washington there have been engineering problems, some of which could not have been foreseen. There has also been the crippling effect of inflation which has played an important part in pushing up costs. It is also true that the Washington Metro is one of the Washington's most beautifully built underground rail systems in the world. Simple stations with sweeping vaulted roofs, excellent air conditioning, good sound proofing, ultra-modern lighting, and very comfortable close, and the train has to be

restricted train frequencies and exacerbated rush hour delays.

The most remarkable of the problems with points have been the saga of the Metro's aluminium carriages.

Their floors are not strong enough to take rush hour loads.

Under the weight of passengers they sag enough to throw the automatic doors out of true.

These doors then decline to open and close, and the train has to be

repaired before the fault can be rectified.

In a city as pre-occupied with crime as

Washington, it has been care-free to reduce the seems from time to time to have

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Financial Times Friday October 21 1977

LEGAL NOTICES

No. 00240 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of DANIELS & SONS
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 16th day of October
presented to the said Court by
H. MARRIOTT, SECRETARIES
LTD, whose registered office is
at 155-59, High Road, New
Hanger, London, N.12. Builders &
Merchants, and that the said
Petition is directed to be heard before
the said Court at the Royal Courts of Justice,
Strand, London WC2A 2LL on
10th day of November 1977, and any
order or judgment of the said
Court made in respect of or
against the said Company may appear
at the time of hearing in person or by
Counsel for that purpose, and a copy
of the Petition will be furnished by
the said Company to any creditor or
contributor of the said Company requiring such copy
not later than four o'clock in the afternoon of the
10th day of November 1977.

No. 00241 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of AUTO CASTER HIRE
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
Mark Lane, London EC2A 7HE
and that the said Petition is directed
to be heard before the Court sitting at
the Royal Courts of Justice, Strand,
London WC2A 2LL on the 18th day of
November 1977, and any creditor or
contributor of the said Company desirous
of supporting or opposing the making
of an Order or Judgment of the said
Court may appear at the time of
hearing in person or by
Counsel for that purpose, and a copy
of the Petition will be furnished by
the said Company to any creditor or
contributor of the said Company requiring such copy
not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00242 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of CAMPAGNO ASSOCIATES
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
Mark Lane, London EC2A 7HE
and that the said Petition is directed
to be heard before the Court sitting at
the Royal Courts of Justice, Strand,
London WC2A 2LL on the 18th day of
November 1977, and any creditor or
contributor of the said Company desirous
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of an Order or Judgment of the said
Court may appear at the time of
hearing in person or by
Counsel for that purpose, and a copy
of the Petition will be furnished by
the said Company to any creditor or
contributor of the said Company requiring such copy
not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00243 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of MCGILLIGUDDY BUILDERS
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
Mark Lane, London EC2A 7HE
and that the said Petition is directed
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Counsel for that purpose, and a copy
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not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00244 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of TURNER & SONS
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
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18th day of November 1977.

No. 00245 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of T. T. AUDIO HIRE
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
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Counsel for that purpose, and a copy
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contributor of the said Company requiring such copy
not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00246 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of T. T. AUDIO HIRE
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
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of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
Mark Lane, London EC2A 7HE
and that the said Petition is directed
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not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00247 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of T. T. AUDIO HIRE
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Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
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the said Company to any creditor or
contributor of the said Company requiring such copy
not later than four o'clock in the afternoon of the
18th day of November 1977.

No. 00248 of 1977
THE HIGH COURT OF JUSTICE
Chancery Division Companys Court, In
Matter of T. T. AUDIO HIRE
LTD and in the Matter of The
Companies Act, 1963.
NOTICE IS HEREBY GIVEN that a
Petition for the Winding-Up of the
above-named Company by the High Court
of Justice was on the 11th day of October
presented to the said Court by
COMMISSIONERS OF CUSTOMS
EXCISE OF KING'S BEAN HOUSE,
Mark Lane, London EC2A 7HE
and that the said Petition is directed
to be heard before the Court sitting at
the Royal Courts of Justice, Strand,
London WC2A 2LL on the 18th day of
November 1977, and any creditor or
contributor of the said Company desirous
of supporting or opposing the making
of an Order or Judgment of the said
Court may appear at the time of
hearing in person or by
Counsel for that purpose, and a copy
of the Petition will be furnished by
the said Company to any creditor or
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The Property Market

BY JOHN BRENNAN

Indexing chalk & cheese

Dr. Russell Schiller may be credited — or possibly blamed — for introducing a statistical approach to Hillier Parker May and Rowden's research department. His recent production, forecasting shop rents, met with the expected cries of "lies, damned lies, and statistics" from back-of-an-envelope specialists, and with purrs of approval from the actuarial representatives on institutional investment boards. Here at last was a properly research paper that they could run a slide-rule over.

Now Dr. Schiller has thrown caution to the winds. In partnership with the Investors Chronicle, he has come up with no less than an index of all commercial rents.

The good doctor explains that this index is to provide institutional investors with a measure of "comparability" with the FT All-Share Index.

Producing a comparable index of chalk and cheese can have been no easy matter. And until 1973 office rents out

questioned about the value of generalisations about the whole market for shop, industrial and office properties. Dr. Schiller does accept that there are "dangers of averaging."

The index attempts to avoid generalisation by establishing an hypothetical national portfolio, it looks only at prime property: has taken note of institutional investors' geographical and property type preferences, and weighting the rental information accordingly; and is aimed primarily at that institutional audience.

Five months ago, when the base material was assembled, 19 assorted institutions indicated a preferred portfolio mix of 38.9 per cent. shops, 44.5 per cent. offices, and 26.6 per cent. industrial property. Weightings were made regionally for each type of property, and by street and area in London. Hillier Parker produced rental data from 188 locations. And, as the charts show, the individual property type indices turned up some interesting comparative performances.

Setting aside the problem of taking as hard evidence retrospective rental data on what today constitutes a prime portfolio, and ignoring the problems of attempting to consider a selective earnings index as a serious comparison with widely representative measures of capital value — the FT All-Share — one further problem arises.

The property market will welcome Dr. Schiller's academic National Westminster Bank have exercised as a brave attempt at been lined up as trustees, and the impossible. But others may well nominate three of the trust's accountants, for example, are the bank has proposed the now reviewing the whole question of the National Association of property company of Pension Funds, Mr. Ken Smith. If they were seduced by the idea that it is possible to recently retired from stock-brokers Phillips and Drew, and of the property market and produce an objective formula for John Morton, L and G is pulling rental trends, the implications forward its chief executive, Mr.

could be serious. Such a formula would be the missing link in the accountants' Standards Committee's thoughts on indexation of portfolio valuations.

L & G chases pensions

Legal and General Assurance is about to launch the latest in a series of unitised property investment schemes aimed at tapping the local authority pension fund market.

L and G had hoped to draw authorities into its £250m.

Managed Fund when the 1974 revision of superannuation regulations permitted council funds to invest up to a quarter of their money in property. But the Managed Fund is structured as an insurance policy, and although the insurance element is more theoretical than practical it puts the fund outside the Department of Trade's narrow definition of an acceptable investment vehicle for the authorities.

L and G is understood to have overcome DOT objections by establishing an unauthorised unit trust. It will be aimed at authorities and other exempt funds and charities that want income rather than accumulation units. Distributions are expected to be quarterly, and monthly unit subscriptions start on November 1.

The new unit trust's charges should be in line with those on L and G's Managed Fund, which is 1 per cent. front end loading and annual charges of 1.5 per cent. of the fund's value.

Accountants, for example, are welcome. The bank has proposed the now reviewing the whole question of the National Association of property company of Pension Funds, Mr. Ken Smith. If they were seduced by the idea that it is possible to recently retired from stock-brokers Phillips and Drew, and of the property market and produce an objective formula for John Morton, L and G is pulling rental trends, the implications forward its chief executive, Mr.

Ron Peat, and its investment manager, Mr. Peter Simon. Under the 1974 revision of the superannuation funds' investment code they are allowed to put 75 per cent. of their cash in investments other than government stocks and authorised fixed interest holdings. One third of that 75 per cent. can be invested overseas or in property.

Authorities have tended to split that 25 per cent. in the proportions: 10 per cent. overseas and 15 per cent. in property. With invested funds of just under £3,000m. and an annual income of around £280m. that 15 per cent. is a market worth chasing.

Few individual funds have the

resources or the expertise to

make direct property invest-

ments. And as many funds are

making up for lost time by top-

ping up their property holdings

it is not hard to see why L and G

is keen to tread a path already

taken by Hill Samuel, Lazarus,

Venning and the Property Unit

Trust Group in offering units.

It is far more difficult to gauge

the effect of yet another inflow

of institutional cash on the

market for prime property.

In Brief...

• Pressure for space within walking distance of Lloyd's underwriting floor is producing

some very fancy rents. Baker

Harris Saunders managed to get

just under the £27.50 a square

foot asking rent for Arrow Life

Assurance's 3,700 square feet

office suite at 40 Lime Street,

London, and Hull Maritime and

Donald Fox and Partners took

the space and were advised by

Jones Lang Wootton and Richard

Fils respectively.

• Weatherley report signs of

life in the Paris warehouse mar-

ket. The firm has let more than

70,000 sq. ft. in the last nine months

and expects to let 100,000 sq. ft.

mark by the end of the year.

Rents still average between 115

and 150 £/sq.m. But they are

hardening, particularly in the north west where there is now

virtually no new space available.

Over supply in the south, towards

Orly Airport, is beginning to be

absorbed, but rents have yet to

break through 135 £/sq.m. And

there are the first signs for the

current, generally ineffective,

rent freeze.

• That fact is drawing in prop-

erty buying funds, even, accord-

ing to the agents, for as yet unlet

space to 150,000 square feet

come to a standstill. Fullers, Horsey, Son

and Unilever associate, Qualitair, has

taken a 38,000 square foot

house and office unit at El

square foot, taking occu-

panies to 150,000 square feet

normally run for nine years with

3rd and 5th year break clauses.

Any change in rental values will

therefore filter through far more

quickly than in Britain despite

the current, generally ineffective,

rent freeze.

• London Life Association's

joint industrial venture with

Associated Portland Cement on

the cement group's 100 acre

Eurolink Centre at Slitting

bourne is letting up steadily.

Unilever associate, Qualitair, has

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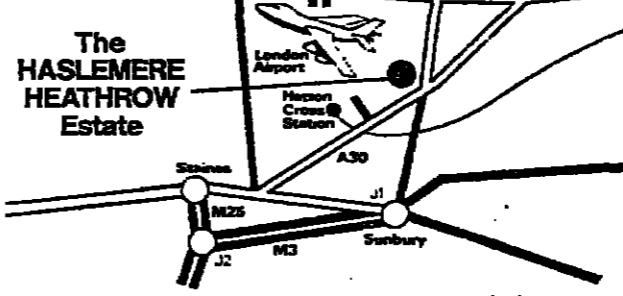
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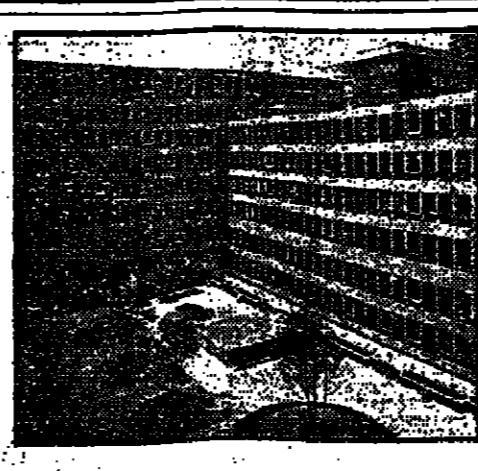
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• METALWORKING

Strong joints in steel reinforcing bars

ALTHOUGH METHODS of 25, 32 and 40 mm, and the mechanically joining ribbed steel pany says that for overseas pro- reinforcing bars for concrete are etc. using other diameters, well known, including the appropriate sleeve sizes can be supplied.

The company has also developed threaded sleeves. One end is threaded and the other swaged to the bar—two sleeves are used, and joined by a threaded stud. Where space is limited, or the bar to be con-

tracted cannot be turned, the stud has right and left hand threads and is fitted like a turn-buckle.

As well as saving the lengths of portable hydraulic presses to swage the sleeves to the bars, the lapping system provides other advantages, such as simplified sleeve metal flows around the use of short lengths, etc.

Details from the maker, a Forges Minsep Group company, at Ewell Road, Surbiton, Surrey, KT9 7AH (01-399 1122).

Diameters covered are 16, 20, 25, 32 and 40 mm.

More from the company on 01-446 1313.

Automatic bending

LVD Platemarking Machinery read from the zero point on the new computer numerical control system which can be supplied fitted to its new machines.

The system is available in two distinct parts so that one or both parts can be specified according to requirements.

Digmatat P1082 makes it possible to select up to 128 different depth settings simply by using the pushbutton program selector on the control panel. This means that 128 different bend angles can be stored in the machine. Each one of the angles can be repeated up to 10 times in any required preset sequence to suit the application. A processor issues signals to the drive motors controlling the mechanical stops or the hydraulic stops, depending on machine type. The stops are set to an accuracy of plus or minus 0.0005in.

The other half of the system consists of the Digitroll P1020 computer numerically controlled back gauging system. A processor, with direct reading, is used to control a drive motor which moves the back gauge to the selected position with an accuracy of 0.004in. The speed of the back gauge is automatically varied according to the distance it has to travel.

A choice of 128 different set-ups is provided and this number can be increased by using the settings in sequence or by repeating them. The main advantage of this system is that measurements can always be work during cutting.

• POWER

Battery drive in Europe

ZINC CARBON battery penetration of the European market is to be given a sharp fillip through the opening in Breda, Holland, of a large distribution centre to provide the surrounding European countries with batteries and associated products.

The batteries are a series made by Borec Europe, part of Ever Ready, at plants in Britain, Germany and Italy, supplying marketing operations in the EEC and Nordic countries.

Provided in three grades, the top one of which is three times longer-lasting than the lowest one of the series, the latter described as "giving a good economic performance at a low cost". The batteries are priced at about half the corresponding alkaline manganese types, which have gained considerable ground on the German market.

Borec Europe sees its product as suitable for some 90 per cent of applications and, in particular, when operation of the powered appliance is not continuous.

More from the company on 01-446 1313.

• FILMS

Induction heating

THE benefits of induction heating for metal forging are the subject of a film, just released by GKN Birwelco (Uskide), a company linked with the pioneering of this technology over the past 20 years.

The film, *Focus on Induction Heating*, has the multi-purpose role of showing how the equipment is made, how it is used and how GKN Birwelco have a particular expertise in this field. Like so many multi-purpose films, this compendium approach is not entirely satisfactory and some of the most interesting facts emerged in discussion after the screening—such as the claim that gas heating is five times slower than induction heating, which works below the surface of metal.

Despite easier access to fossil fuels than to electricity, many new nations, claims GKN, are paradoxically willing to invest in the more sophisticated technology of induction heating. Already 70-80 per cent of the company's production is exported.

Foreign language versions of the film have been made in French, Russian, Spanish, Portuguese and Italian, and other versions may follow. Sales engineers are also using the film to demonstrate the benefits of the hinged safety-guard, rests on the 3mm desktop projectors.

JOHN CHITTOCK in order.

Cuts tubes and solid sections

A MACHINE for rapid cross or angle cutting of tubes, solids, angles and profiles is now available from Nevilles Scales and Co, London SW14 8TA. Capacity is 95mm diameter for ferrous or non-ferrous tube and 85mm by 85mm or 135mm by 70mm for solid sections.

The machine is powered by a two-speed, 1½-hp electric motor which drives a 300-mm-diameter circular saw blade through a reduction gearbox.

Saw and motor form a pivoting head, counterbalanced by a strong spring. The operator lowers the head on to the work by means of a hand-lever. A pump driven by the motor continuously pumps coolant to the top of the saw blade, from where it flows down over the work. A hinged safety-guard rests on the

3mm desktop projectors.

JOHN CHITTOCK in order.

JOHN CHITTOCK in order.

• TEXTILE PRINTING

Complex designs on shirts

TRANSFER printing of complex multi-coloured designs by an all-dry process has, since its introduction, largely been confined to the application of disperse and sublimable dyes to cotton and polyester fabrics. It has long been the desire of the trade to extend the concept to all other types of fibres, but until now

this has proved to be virtually impossible.

Now a process has reached the commercial production stage and is being used for applying extremely complex designs to cotton T-shirts for a major retailing group.

The process is basically very simple. A transfer paper is coated with a film before being printed with the various inks

based on different dyes that are accepted by cotton. The film becomes very tacky the moment it is heated and as the temperature rises the film degrades and eventually disappears.

The process is basically very simple. A transfer paper is coated with a film before being printed with the various inks

• NAVIGATION

Air cushion will break the ice

WITHIN the next few weeks the U.S. Coastguard will be using a hover platform to keep the

platform into the ice pack.

by Fabprint (Heim Mills, Rastick, Brighouse, West Yorkshire, free of charge.

Telephone: Brighouse 2421) the Mackley Ace (USA) Inc. of Washington, an offshoot of

Mackley Ace of Farnham, Hants, is building the platform which is

to be given a three-month trial.

The American company dis-

covered the hover platform's ice

breaking ability when it oper-

ated two 180-ton hover ferries

across the frozen Yukon River

in Alaska last year.

When poised half over the

ice, the company is employing

the Mackley Ace in the U.K. to

supply the skirt fans and

the technical series.

Contracted to deliver

December the 5 feet wide

55 feet long hover platform

an entirely American built

platform into the ice pack.

When poised half over the

ice, the company is employing

the Mackley Ace in the U.K. to

supply the skirt fans and

the technical series.

By the New Year work is

to be completed on Mackley Aer-

12-acre demonstration site

in the two acre lake that ho-

over platform can be stowed in or

the water.

A U.S. Coastguard cutter has

been used to push the hover

across the ice pack.

The appeal of this new

British development is that it

follows the basis of transfer

printing on polyester in that it

is totally dry and does not

require after-washing and drying

so that it is both economic and

environmentally appealing.

A number of companies in the

textile industry have signed

licences to participate in the new

process in various ways and it is

now planned to take the Fabprint

approach through to a fully com-

mercial system that will be able

to print rolls of fabric rather

than as at present, only single

widths.

In the near future, now that the

process has been demonstrated

to be viable, it is felt that there

will be little difficulty in extend-

ing it to printing both nylons and

acrylics.

Setpoint is a taking a t

centralised control, sin

glely reduce the amount

of equipment needed

for large-scale wedges and com-

puterised systems and greatly im-

prove the reliability and

ease of maintenance.

COMPONENTS

New look at Setpoint

FOLLOWING its joining the

Humbleigh Group after weighing

the fundamental requirements for

and keyed-in instructions for

more variable sets.

The new model will draw

large-scale wedges and com-

puterised systems and greatly im-

prove the reliability and

ease of maintenance.

Setpoint is a taking a t

centralised control, sin

glely reduce the amount

of equipment needed

for large-scale wedges and com-

puterised systems and greatly im-

prove the reliability and

ease of maintenance.

For command weight

which it is intended to cut the

costs of on-site installation where

weight, flow, temperature and

similar plant parameters have

to be measured.

Alterations of the measure-

ment functions, which can vary

widely from site to site, and

play havoc with fixed price con-

tracts, are carried out with a

GEORGE CHARL

• PLASTICS

Protecting the polish

LAMINATES, polished and

sensitive surfaces may be pro-

tected against marking and other

damage during fabrication,

transport and handling with low-

tack polyethylene film.

Two new grades from Rotunda

are coated on one side with a

low-tack adhesive. One is a 50

micron material with a break-

ing strength of 10 N/10mm

(4 lb/in.) and the other a 100

micron film with twice the break-

ing strength.

Available in clear or black

grades from stock, the film can

</

The Management Page

Terry Dodsworth describes the financial problems that have faced Group Lotus in its quest for a new market.

Drive into debt to launch a supercar squad

AS never afraid that we go bust because I would pour in every last penny I had and taken the shirt off my back to keep the company going," says Colin Chapman, chairman of Group Lotus, talking to the specialist car company in 1968 and which has since become very close financial relations during the crisis.

The crisis is now over, last for a time being, by the injection of £2.6m. of loans from the American International Banking Corporation. It is now on a close run, involving some unusual financing arrangements under which Chapman and other investors inject funds into the company in their own business to tide it over the critical period.

Shareholders lending the company £1m. in the factory last week's meeting at Hethel, near which Group Lotus loaned one which, where a test track of Chapman's private company strip is a stand that stands between the production line and the cows, could give the auditors not realising how serious the crisis is. But Chapman, speaking within 24 hours of flying in the Team Lotus racing team from the Indian Grand Prix, soon paid out the costs of the team. Asked why the sum was not £2.6m. Chapman said that the directors were lending the company far more than they owed.

Whatever the rights and wrongs of these loan agreements, they give an insight into the tightly-knit Lotus business. By raising the loan for Group Lotus from his own resources, the money came from the share portfolio. He had put together a point about the Amex loan agreement is that it will enforce a sharper definition of the rest of Chapman's interests. But it will always be difficult to separate them completely. The entire operation revolves around Chapman. His ideas infect the specialist road vehicles just as

Chapman's counts indicate the nature of a financial squeeze on Lotus. It cannot expand only because it did not have the cash to test in stocks and product moving up.

Progress

"I don't think that we needed the American Express loans. I think the way the company is



"I was never afraid we might go bust because I would have poured in every last penny I had and taken the shirt off my back to keep the company going"

Colin Chapman, chairman of Group Lotus

progressing at the moment, the happy with the way the Group there is a solid core of buyers at which we are making Lotus business is run. Although around the world who have profits and the way the market the bank has signed a tight sufficient money and inclination is going means that we could agree with the car company to invest in supercars, despite have soldiered through. But pany, giving it an option on the shock they suffered in the opportunity to grow much faster than we shall do now."

One point about the Amex loan agreement is that it will enforce a sharper definition of the rest of Chapman's interests. But it will always be difficult to separate them completely. The entire operation revolves around Chapman. His ideas infect the specialist road vehicles just as

the bank has, in effect, underwritten Lotus's own view of its manufacturer of cheap, sporty Formula One cars. Chapman straddles both activities, and if he were taken away it is not at all clear what would be left.

"Amex at least seems quite rests on the conviction that VAT is

decided on a decisive thrust-up market.

The move was extremely costly. Lotus claims to have ploughed £6m. into the project, which included the design of a new engine and three new cars (the Elite, Eclat and Esprit), the introduction of engine production facilities at Hethel, and an effort to bring as much component production in-house as possible. A lot of this work took place during the worst period of the oil crisis, when the whole of the car industry rocked on its foundations. In one period, in 1973, when Lotus hit the nadir of £1.2m. losses, the company had only one model to sell.

Cash crisis

Most of Lotus's present financial problems can be attributed to this period of heavy investment. At the same time the cash crisis forced the company into an earlier launch of the Elite than it would have liked. Lotus admits that there were some quality problems with the early models. But it points to the strong recovery of the company this year—profits of £285,000 in the first half—as an indication that these difficulties have been overcome.

The question now is whether these short-term improvements hold out the prospect of a longer-term recovery. For that to be achieved, Lotus needs

to prove that it can adequately finance the next move into its next generation of models, due in five years.

These factors all mean that it is the time of greatest vulnerability for any motor manufacturer. But it is particularly so for the specialist

producer, who is faced with a capitalised in its last accounts.

very high expenditure to-day on

and to finance all our new

models from revenue."

Clearly, Chapman has set

himself some tough targets

volume production to carry it

which the company will be

under great strain to achieve.

But if he manages to attain

them, it would give Lotus its

own special little niche in the

history of the world motor car

industry. It would then become

but it has already developed an only substantial new com-

pany to have established itself

in Europe since the war.

This unit can meet any emission test in the world up to 1984 which is more than can be said for almost any other European engine—and at twice its capacity it is more economical than other units in the supercar league.

It also has plenty of potential for future development: designed as a slant four, it is easily adaptable to a V8 configuration and Lotus is currently working on a turbocharged variant.

Second, Lotus can change the bodywork on its cars with less strain than the average manufacturer. This is because its glass fibre methods do not require so much investment on tooling as mild steel bodies.

Third, it has already put in most of the groundwork and investment in a new dealer network designed to handle more up-market vehicles.

Fourth, the company now has the medium term finance to gear up capacity. It reckons that it can increase its present rate of output of a little over 20 cars a week to 30 next year, and has an overall potential of 60 in the future. In addition it could make 120 engines a week if it could find a buyer to take the extra product. Lotus has already seen productivity reckoned as output per man, move from 1.57 units in 1975 to 2.28 this year, and it is aiming at a 12 to 13 per cent. return on turnover as against 7 per cent. at the moment.

These factors all mean that it

should be easier for Lotus to

range of models, due in five

years.

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The taxing matter of foreign currency

BY MARY CAMPBELL

A COMPANY may go to great lengths to match its foreign currency liabilities and assets yet still find itself with a large tax bill because of the Revenue authorities' views on changes in currency values.

This is one of the points made in a booklet written by John Chown and Malcolm Finney. The aim of the booklet, which updates some of the authors' previously published works as well as containing new material, is to show how tax considerations bear on companies' foreign currency arrangements.

To quote a simple example: a British company which borrowed \$1m. to buy property in the U.S. in 1971 might, in selling the property after five years for \$200,000, make a real loss of \$80,000. It is assumed that the income from the property exactly balances out the interest paid on the loan calculated in U.S. \$.

However, because of changes in exchange rates between 1971 and 1976, the company would show a taxable profit for the purpose of the U.K. Inland Revenue of £80,000: in sterling terms the property would have been bought for £163,000 (\$1m.) at an exchange rate of \$2.98 per £ and sold in 1976 for £182,000 (\$80,000) at an exchange rate of £1.66 per £.

Apart from knowing the rules, the booklet suggests three steps which the corporate planner should take in managing foreign currency positions. The first is to analyse the real foreign exchange exposure of the company or group; the second is to take a view (or preferably a range of views) on the likely currency movements; the third is to optimise the risks taking account of the various ways in which tax can distort the risk/reward relationship.

Foreign Currency Debt Management by John Chown and Malcolm Finney, published by J. F. Chown and Co., £15.00

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CompanyCare A NEW BUPA SCHEME

The world's response to terrorism

STRONG AND SIMPLE emotions flow from the dramatic events wrought about this week by the activities of the Palestinian and West German terrorists—relief and admiration over the rescue of the hostages from the aircraft at Mogadishu; horror at the murder of the pilot and Herr Schleyer; semi-satisfied indifference, mingled with a certain awe, at the demise of Andreas Baader and his associates in a Stuttgart jail; and when the intellect takes over and begins to analyse some of the implications of the whole incident, the results are inundated with uncertainty and very few simple answers.

Let us start with the most obvious moral drawn by almost every editorialist and commentator—namely the proposition that it all shows one should never give in to blackmail. As expression of principle, this is unexceptionable and as a practical rule of thumb it is reasonable. The only certain way to reduce political hijacking and kidnapping is to remove the rewards which anyone can expect to gain from them.

Just the same, "never" is too strong a word. Every government, like every man, has its pride and if the penalties of resistance are raised high enough any government in the world might prefer to cave in. In the circumstances envisaged, say, Ian Fleming's "Thunderball," where a gang of international crooks steal a nuclear bomb and threaten to blow up Miami if they are not paid a large ransom, the reactions of the British Cabinet would probably, and most people would say, rightly, be pretty much as Fleming predicted. They would send out James Bond to try to foil the criminals.

Executive earnings

From the General Manager, Computer Division,

T Components Group Europe, St. Ives.

In the report (October 1) by John Elliott, our Industrial Editor, about salaries for government employees, he quoted the Commons Expenditure Committee Report on the Civil Service, which suggested that permanent secretaries at £12,675 did not earn enough. This was considerably less than the £25,000 earned by chief executives in the private sector in 1976. While in concur with the principle that salaries should be equitable, they must be compared on a like basis.

I estimate that to obtain the benefits of an inflation-proof pension such as the civil servant has, I would have to accumulate the equivalent to a minimum of £20,000 in a capital sum. A highly unlikely occurrence given the current pension system, age restraint and galloping inflation. Similarly, I do not expect from my weekly holiday a nor a 37-hour week. True, I have a company car but, I listen to add my chauffeur. I have no security of tenure—whether heard of a permanent secretary being fired?

If, however, we are going to make comparisons between the public and private sectors, let us do so to some degree.

Effectively, ignore the negligible just concentrate on the in the pocket over an average lifetime—it would be interesting to see the results.

J. Merritt,

Standard Telephones and Cables, Computer Division,

Exeter Road, Devon.

Employee share ownership

From Mr. H. Bell-Wilson,

Sir—Mr. E. A. Cole (October 11), like the Bullock Committee, has a blind eye to 50 years of excellent industrial relations with profit-sharing plans in our old gas companies. There are several other excellent examples but the latest in Habintel is surely recent enough to member.

From his address "Drake

Food," Mr. Cole possibly takes Mr. Nelson's side, but he surely agrees that owning his own home is a benefit that breeds a responsible and healthy attitude. Similarly the anticipation of shares in an employee ownership trust, equivalent in value to the price of a house, would almost everyone overnight from a slave into an owner.

Instead of paying out more and more money for less work at all costs, we must press to have government grants and loans, written out of our tax money, and, as loans, into an employee ownership trust.

It is money that must be used to work harder, not people.

J. Merritt,

Computer Street, London, S.W.1.

Dichotomy on investment

From Mr. R. McMurtry,

Hardly a week goes by

without one does not hear some

industrialist bemoaning the high

of corporation tax. Simil

ly, one constantly hears cries

the lack of investment in

industrial companies in the

United Kingdom and even the

lack of incentive to invest.

Perhaps I could suggest that

I wonder how many people

financial institutions are banned

nals but prepare to pay up in Tunisia and Zambia, to name case he failed.

One does not even have to stretch the imagination this far. If the Mogadishu hostages instead of being 87 had been 887 (the number often crammed into a Japanese jumbo jet) it seems probable that West German public opinion would have been unable to stand the nerve-racking wait necessary while a commando operation was prepared, and the German Cabinet might have cracked.

Outlaws

Another conclusion, equally valid in principle but equally flawed in practice, is that the international community now cannot fail to agree on the necessity of making hijackers into genuine outlaws. The fact that the Somalian Government, not normally noted either for political moderation or respect for international legal obligations, was prepared to authorise a German incursion into its territory has generally been taken as a very important and encouraging straw in the wind.

I wish it were so. As a matter of plain fact, there are no fewer than 40 countries, including some quite important ones in Latin America, Africa, and the Middle East, who have either not signed or failed to ratify the Hague Convention of 1970 in which the last major attempt to outlaw hijackers and terrorists was enscribed. A large part of the third world is in this respect simply unwilling to accept the promises on which the conventions of international life have, at least theoretically, been based since the 16th century. Algeria, Bahrain, Ceylon, Cuba, Libya, Peru, Qatar, Syria, Tanzania, thin and implausible front for



Police toting sub-machine guns at a control point in Hamburg yesterday in the hunt for the killers of Dr. Schleyer.

more mercenary or psychopathic activities. At that point almost all Governments allow some weight to the principle that "my enemy's enemy is my friend." England after the events of this week, would not look indulgently on the activities of a group of black South Africans who extorted the release of some of their colleagues from the South African Government by holding a bunch of Afrikaner policemen at pistol-point?

The fact is that while everyone can agree that straight pirates and "snatch artists" operating for purely mercenary gain are "enemies of the human race" as the old international jurists used to put it, the addition of a political motivation immediately alters the case, even if it is obviously a quite governed international affairs

across state frontiers, he is a threat that has attracted encroaches upon the state's many of the ablest of national forces, and he appeals to world opinion which is "above" states and to validate the encroachment.

What sort of an alliance, then, can combat him successfully? advantage discussed earlier. There are really only two which erodes the desire of even

isolate destructive ideas or even more destructive arms.

Another factor here is that even if there were a strong reaction towards nationalism in the next decade and even if one could (impossibly) envisage the destruction of much of the interdependent system (by protectionism, exchange controls, and the like) there would not necessarily exist, among the resultant hard, bright isolated pieces on the international board, the outline of a coherent new pattern. The nations most

solid front of sovereign states to sacrifice national interest, and the like) there would not necessarily exist, among the resultant hard, bright isolated pieces on the international board, the outline of a coherent new pattern. The nations most

its members. In other words, they are not about to join the old states' "trade union" against terrorists because they fear that the trade union is in the end a rich club directed against changes which would be in their interest.

The alternative is to recognise the weakened cohesion of the state system and conceive of the emergence of a kind of agreement of world opinion which will restrain Governments from supporting at least some of the more lunatic manifestations of interstate terrorism. I have heard it argued, for instance, that the Baader-Meinhoff gang is now so obviously demented that it has forfeited the protection of its own political ideology and stands exposed as indeed a hostile human species.

These are not new thoughts and indeed some of them are lifted shamelessly and directly from a remarkable paper by Professor Hedley Bull on the subject, published six or seven years ago. But they are worth reviving and re-examining at this moment because they remind us of the almost certain truth that for the foreseeable future this kind of problem is going to persist and that we must prepare ourselves for some prudent capitulations as well as some major and very unpleasant accidents, perhaps on a nuclear scale. Until the world settles into a new pattern of relationships we must rely upon our knowledge of terrorist psychology and the skill and nerve of individual governments and individual air pilots. Caution and cunning rather than bravado are the most valuable commodities in this game and we must foster them as best

Letters to the Editor

appreciate, however, that under current fiscal arrangements a large part of corporation tax can be deferred by investing in plant and machinery which, in most cases, is allowable against corporation tax up to 100 per cent. in the year of expenditure.

It would therefore seem that there is dichotomy on the one hand of those people who bemoan the high level of company taxation and, on the other hand, those who bemoan the lack of industrial investment in United Kingdom manufacturing companies.

R. P. L. McMurtry,
St. Ives Bus,
Mr. Hutchins, Herne.

Awaiting a model

From Dr. S. Castell,
1, Amherst Court,
Grange Road,
Cambridge.

What do you know?

From Mr. H. Button,
Sir—In his entertaining

account of radio and TV quiz shows (October 19) Chris Dunkley mentioned the "pré-1935" Top of the Form, but did not mention the programme that was first broadcast in 1933 under the title What Do You Know? and is still running under the title Brain of Britain.

Henry G. Button
(Brain of Britain, 1932).

From Mr. H. Button,
Sir—In his entertaining

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COMPANY NEWS + COMMENT

Hawker reaches £45m midway ex-aerospace

INCLUDING £83m. against £118m. from aerospace activities up to the vesting date of April 29, 1976, sales of Hawker Siddeley Group came to £244m. compared with £280m.

Pre-tax profits, excluding aerospace, rose from £46.7m. to £45.3m. and with aerospace contributing £4.46m. (£5.83m. net), attributable profits increased from £22.72m. to £25.29m.

Earnings per share were at 13.2p (11.8p) per 25p share and the interim dividend is lifted from 1.685p to 1.884p, net costing £3.2m. (£3.23m.). Last year's total was 3.653125p, paid from stated earnings of 55.3p. An additional dividend for 1976 of 0.0303p is also declared following the reduction of ACT.

Six months 1977 1976
Sales 494,000 454,000
U.K. subsidiaries 270,999 225,000
Overseas subsidiaries 141,900 141,000
Aerospace subsidiaries 73,599 116,000
Exports 140,000 125,000
U.K. subsidiaries 120,000 100,000
Aerospace subsidiaries 29,000 55,000
Trading profit 42,112 38,000
Interest and tax 12,655 12,655
Profit before tax 45,258 34,672
Taxation 23,982 17,168
Taxation 1,228 1,228
Net profit 4,473 6,879
Net profit 4,473 6,879
Attributable 23,328 25,711

Tax included overseas profits of £2.23m. (15.6m.). Former aerospace subsidiaries in the period from January 1 to April 28 produced trading profit of £10.33m. (£12.04m.); interest on loans from Hawker Siddeley Group came to £1.22m. (12.825m.); and net interest was £2.709m. (11.19m.). Interest profit of £5.7m. (£10.03m.) before tax of £4.23m. (£3.15m.), including release of provision for tax no longer required of £2.41m.

Hawker Siddeley Aviation and Hawker Siddeley Dynamics were nationalised under the Aircraft and Shipbuilding Industries Act 1977. Loans owing to be repaid to the nationalised industries have been substantially repaid and discussions are continuing regarding repayment of the outstanding balances. Negotiations for compensation for the shares are expected to start in the near future. Interest will be paid on the compensation from the date of vesting.

In July 1977 a cash offer, with the alternative of shares in Hawker Siddeley Group, was made for the issued share capital of L. Gardner and Sons. The offer total.

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Brook Street	24	3	London & Montrose	25	2
Central & Sheerwood	25	4	London Scottish Finance	25	1
Chambers Fergus	25	3	Neepsend	25	3
Charterhall Finance	25	1	Peters Stores	25	1
De Vere Hotels	24	4	Sanderson Murray	28	4
Edinburgh Trust	25	2	Scottish Mortgage	25	2
Gen. Scottish	25	3	Smurfit (Jeff.)	24	5
Guildhall Prop.	24	6	Spencer Gears	28	5
Hawker Siddeley	24	1	Thorpe (F.W.)	24	2
House of Leroose	25	6	Tyzack (W.)	24	4
Indl. & General	25	3	Viking Resources	25	2

number of jobs in London — Brook Street's main trading area — are more than 50 per cent. higher on the permanent side and up 20 per cent. on the temporary side. Recovery should continue in the second half and over past 12 months earnings the prospective p/e would be 10 at 67p while the yield of 10.7 per cent. compares with 6.6 per cent. at Reed.

Final half holds back W. Tyzack



Sir Arnold Hall, chairman of Hawker Siddeley.

Brook St. £0.35m. in first half

FIRST HALF 1977 turnover of Brook Street Breakers of Mayfield £1.17m. by 40 per cent. representing over 90 per cent. of the share capital, and the company accordingly became a subsidiary on that date.

When the outstanding shares have been acquired a total of £5.8m. will have been paid in cash, some 5.3m. Ordinary shares of 25p nominal value will have been issued.

Hawker Siddeley Power Engineering has acquired the transmission division of Watsham's for £1.3m. with effect from January 1, 1977. Since June 30, 1977, two subsidiaries, Shorrock Developments and Kent Plant Hire Company have been sold for cash — the proceeds being £1.3m. and £0.2m. respectively.

See Lex

• comment
Brook Street's recovery in the second half of last year has continued in the first half with a 12 per cent. sales rise against the previous six months reflecting an upturn in the volume of job placings. This is comparable with the sales growth shown by Reed Executive which announced mid-way results earlier this month. But Brook Street's profits — 40 per cent. down — have not moved in line and this partially reflects the acquisition costs of Challoner and Gaurds together with the investment in staff training and introduction of specialist operations. Compared with the depressed 1976 first half, the

interim dividend is stepped up from 1.75p to 1.986p per 10p share or 5.449.303

The final dividend is 0.863p net per 10p share for a 1.46p (1.308p) total.

The final dividend of 0.911p

compares with 0.8106p last time, adjusted for a two-for-three scrip issue, taking the total to a maximum permitted 1.274p (1.1606p).

De Vere up to £0.77m. so far

FAVOURABLE TRADING conditions at De Vere Hotels and Restaurants mean that pre-tax profits progressed to £583,201 up 1.176p for the nine months to September 30, 1977, on turnover up £1.57m. to £11.23m.

The directors say that business continues at a satisfactory level and this should result in a record profit for the full year. For 1976, they reported a £1.15m. surplus.

The interim dividend is stepped up from 1.75p to 1.986p per 10p share or 5.449.303

The final dividend is 0.863p net per 10p share for a 1.46p (1.308p) total.

PRE-TAX PROFIT OF W. A. TYZACK AND COMPANY

1977 1976

Turnover 23,532,151 14,351,303

Trading profit 2,073,781 1,455,045

Depreciation 714,880 444,023

Interest 1,191 87,108

Tax 1,374,725 1,404,000

Tax 729,000 570,000

Net profit 652,773 565,753

Minority profits

A stock dividend

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Ekofisk well re-starts

BY FAY GJESTER

OSLO, Oct. 20. PRODUCTION has re-started about facts learned during this from well B14 on the Norwegian study tour. Soon after the travellers field, which was closed by the authorities last week after returned, they and their wives difficulties with a down-hole were again guests of Elf, at a £200-per-head banquet given in honour of the Elf president and the minister.

Permission to resume production was given yesterday after a new device, designed to lock the valve firmly in place, had been installed and tested. This device has not previously been used on the Norwegian shelf. Well B14, on platform Bravo, is the one which blew out in April.

Meanwhile, eyebrows have been raised in Norway at the news that three senior officials of the Industry Ministry, with the head of the State Oil Directorate, accepted a Kr.150,000 (£15,488) trip to Africa, with their wives, from the French oil company Elf, which is the operator on the U.K.-Norwegian Frigg field.

The ten-day trip, approved in advance by the Industry Minister, Mr. Bjartmar Gjerde, was ostensibly to allow the officials to look at Elf's off-shore installations in Gabon. It included, however, a three-day safari in Cameroun. No official report was ever prepared.

Annual Statement

AMALGAMATED TIN MINES OF NIGERIA (HOLDINGS) LIMITED

REVIEW OF THE YEAR BY MR. D. R. MITCHELL, CHAIRMAN

The 38th Annual General Meeting of Amalgamated Tin sold to the Nigerian Mining Corporation in August, 1976. The Limited will be held on 18th November, 1977, at 55-61, Moor Lane, London, E.C.2.

The following is the statement by Mr. D. R. Mitchell, the Chairman, circulated with the Report and Accounts for the year ended 1st March, 1977.

Increased Profit

Production of tin concentrate for the year ended 31st March, 1977 amounted to 2,217 tonnes, a decrease of 441 tonnes on the total for the previous year and this fall in output was accompanied by an increase of approximately 8% in overall costs. These factors were, however, more than offset by the higher average tin metal price received which increased from the equivalent of £3,431 per tonne in 1975/76 to £4,877 during the year under review. The market for columbite also strengthened during the year and the material we produce as a by-product currently commands a premium because of its comparatively high tantalum content, so that the revenue derived from the sale of 150 tonnes was not significantly less than that from the 225 tonnes sold in the previous year. In these more favourable circumstances the pre-tax profit was £115,684 compared with £60,103 for the previous year.

During the last quarter of the year there were frustrating interruptions in the shipping programme of columbite out of Apapa, due to congestion at the port and also to the long delays in the issuing of export licences by the Nigerian Government Authorities. These difficulties have continued into the present year and representations to all Government Departments and Statutory Bodies concerned have been made by the Nigerian Chamber of Mines in an attempt to alleviate the problem.

The new earth-moving equipment was commissioned at the beginning of December last year, but full utilisation could not be made of its digging and conveying capacity during the dry season on account of teething troubles and delays in obtaining delivery of essential spares. Since early July extremely wet ground conditions have made it necessary to modify the mining programme so that the equipment is now handling relatively compact dry material. This alteration to the programme should result in a section of the bearing alluvium being uncovered towards the end of the present calendar year, so as to allow the production of tin concentrate from deep reserves.

Lord Colyton, who has served as a Director of your Company since 1951, does not seek re-election to the Board having reached the age of 75. His deep knowledge and experience of African affairs has been of inestimable value to the organisation and I am sure that shareholders will join me in expressing to him our thanks and best wishes. The Directors recommend that Mr. L. H. G. Livingstone-Learmonth be appointed to your Board to fill the vacancy created by Lord Colyton's retirement and members will be asked to consider a resolution to this effect at the forthcoming Annual General Meeting.

Sir Andrew Crichton, who joined the Board three years ago, retires by rotation and, being eligible, offers himself for re-election.

Future Administration Many shareholders will know that London Tin Corporation Limited emigrated to Malaysia during 1976 under a Scheme of Arrangement. By the end of 1977, the emigration of the Group's London-based companies operating in Malaysia will have been completed. The duties and functions to be performed in London by our Secretaries on behalf of the London Tin Group as a whole will consequently be greatly reduced and on 31st December the office in Moorgate will close down. The management and administration of your Company will thereafter continue to be carried out from the office of Charter Consolidated Limited at 40 Holborn Viaduct, London.

At the request of New Trade, winds Sdn, Bhd, it is the intention of Mr. Dunn and myself to of mining companies must be stepped down from the Board of your Company on the 31st December, 1977. After our long and close association with the Nigerian operation we both feel that it is obligatory that 10% of the shares sold be reserved for this, but we have no doubt that employees of the company concerned. Shareholders will recall will continue to be safeguarded that 40% of the subsidiary min-

BIDS AND DEALS

Northern Engineering offers £9.6m. for ICH

BY CHRISTINE MOIR

Within a month of its creation through the merger of Rayville Parsons and Clarke Chapman, Northern Engineering Industries has made its first takeover bid.

The power engineering giant, which has a pro forma turnover of £260m, is offering a shares and cash mixture for International Combustion Holdings which works out at 108p a share.

The deal, valuing ICH at £9.65m. (against a market value of £7.5m. before the announcement), has the agreement of Combustion Engineering of America which owns 45 per cent of ICH and 6.5 per cent of NEL and which has a Board representative on both ICH and NEL.

ICH and NEL are close partners to each other. In 1974 ICH sold the bulk of its UK interests in blacksmelting to Clarke Chapman. It retained its overseas divisions in South Africa, Australia and India, which cover a wide range of power engineering manufacture and contracting. It has also recently been building up its UK business again through the acquisition of a 45 per cent stake in a power engineering concern for 16.5 per cent in NEL which has a chance of emerging as a major international contender in the field.

The managing director of a Norwegian paint factory, which was destroyed by an explosive blaze last year, has now been officially charged with negligence. Four of the senior executives of the company have been charged with him.

The ten-day trip, approved in advance by the Industry Minister, Mr. Bjartmar Gjerde, was ostensibly to allow the officials to look at Elf's off-shore installations in Gabon. It included, however, a three-day safari in Cameroun. No official report was ever prepared.

October 18 and of the expectation that within 20 days as from then Wesselhavne will be in a position to announce whether or not the company will submit a public offer for the shares of EUPIC.

The Board of ICH, whose chairman is former British Steel Corporation chief, Sir Monty Fingleton, advised its shareholders yesterday to take no action at present. It is considering the offer with its financial advisors, Robert Fleming.

● comment

The acquisition of ICH is in its self not particularly significant for NEL, the international sphere of influence is fairly small and does not provide a strong base for the major expansion planned by NEL abroad. But what the planned takeover does offer NEL is even closer links with Combustion Engineering which, it must hope, will lead to joint ventures throughout the world. In turn CE would be swapping a 45 per cent stake in a power engineering concern for 16.5 per cent in NEL which has a chance of emerging as a major international contender in the field.

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Investment Trust Review

Collective Investment Institutions

By A. P. W. Simon

Chairman, Target Trust Group

Financial commentators tend to present Investment Trusts as "deadly Unit Trusts" as deadly as the "misrepresentation of the investment". Investment Trusts are the two closed-ended and open-ended respectively—of the collective investment industry and their activities are complementary to each other, competitive. In international jargon, they are referred to as "Collective Investment Institutions" or

worldwide, the last four have not been easy ones for the collective investment industry. After rapid expansion of collective investment in the 1950s and in the 1960s in all economies with developed Stock Exchanges, there has been a setback in this area. This has affected both closed-ended funds and open-ended funds. Stock markets over the world have been giant and share prices have lagged behind inflation. The recovery from the trough has been weak and hesitant and many holders of C.I.I.s in this country and abroad have been feeling disappointed and disillusioned.

In the early 1960s—in the trust industry, we used to say, "the nature of the beast" was shared by saying that possession of an ordinary unit in a company entitled a holder to a slice of the basic earnings and assets

and that these would maintain their real value in spite of inflation. Unfortunately, it has not worked out like this. A combination of economic circumstances, together with dividend controls and adverse tax and employment legislation, have weakened the position of the ordinary shareholder so that in a sense he is less the owner of the business than he used to be. It has become painfully apparent that there is no investment of any type which provides an automatic counter to inflation.

The Private Investor

Private investors as a whole have been net sellers of ordinary shares in the market, and the long-term trend of shareholding out of private financial institutions has accelerated. Although many institutions in investment trust companies, the principal appeal of the latter is to private investors and the overall trend cannot have helped the demand for investment trust shares. Moreover, private investors tend to be more stable holders than institutional fund managers, and institutional dominance has increased the volatility of the market and paradoxically added to the problems of the institutional fund manager.

Nevertheless, all is not gloom. In the UK, the basic principles behind the basic

Investment Institutions—spread of risk, professional investment management and ease and cheapness of administration—proved their worth and soundness in these very difficult circumstances. In particular, for individual investors the factor of ease of administration became even more important owing to inflation of the costs of managing a private portfolio. Dealing costs, accountancy costs, the preparation of tax returns and double taxation claims, etc., have all escalated and are minimised by holding a handful of investment trusts or unit trusts rather than a portfolio of directly managed equity shares.

We must ask ourselves why, therefore, despite all these manifest advantages, Collective Investment Institutions have failed to maintain their growth. Part of the explanation is undoubtedly the disappointing performance of equity shares worldwide, to which I have already referred, but there has also been a marked swing into fixed-interest securities encouraged by high interest rates. However, the room for manoeuvre for the collective investment industry in the UK to improve the popularity of its products by branching out into fixed-interest securities is hampered by fiscal considerations.

I should like to conclude with suggesting some ways other than advertising by which the investment trust in-

fund industry in the United States managed to avoid contracting in size (i.e. buying back more units than it was selling) by active marketing of units. Although direct response to advertisements fell off, and newspaper advertising ceased to be economic, other means of selling were actively developed. In particular, the flow of regular savings into unit trusts through linked insurance policies has become a very important factor in the sales of units. Direct marketing of the shares in investment trusts is not open to investment trust managers and the consequent lack of demand has been reflected in the widening discount between the price of investment trust shares and their net asset value.

Increasing Popularity

Nevertheless, in my opinion, much can be done to increase the popularity of investment trusts. Presentation of the case through advertising can help, both specifically on the merits of investment trusts and more generally on the advantages of investment in equity shares, reiterating the vital role of profitability in the economy. This present series of advertisements is an example of what can be done to stimulate public awareness. It is very much in the interests of existing investors in investment trusts that the market in their shares should be widened. An increased demand will narrow the discounts on net asset values. It might also eventually lead to a position where investment trust funds could resume their expansion. This would assist the investment managers of the funds, by enabling them to alter the balance of the portfolio without having to realise other investments.

I should like to conclude with suggesting some ways other than advertising by which the investment trust in-

dustry could encourage the sales of investment trust shares, without falling foul of the Prevention of Fraud (Investments) Act which requires the publication of a full prospectus for any public offering of shares. Advertisements, circulars and sales literature for unit trusts are not so hedged with restrictions, although they must be approved in advance by the trustees and by the Unit Trust Association, who require a high standard of presentation to be observed. Investment trust managers could take advantage of this comparative freedom by combining with unit trust groups to promote the sales of unit trusts holding investment trust shares. These have proved very popular in the past and could become so again.

Contractual Savings

Contractual savings through financial institutions, mainly pension funds and insurance companies, have been a major factor in the institutional domination of the equity market, to which I have already referred. Investment trusts could actively encourage contractual savings plans by co-operating with insurance companies to promote life assurance policies linked to investment trust shares. In this way the powerful backing of the regular saver would be put behind the investment trust industry. Moreover, regular saving through Collective Investment Institutions is the best way for the smaller investor to start on stock exchange investment. The regular buyer benefits from the principle of pound cost averaging—the arithmetical rule that if you invest a given amount of money in a share-by-share instalments over a period of time, the average cost to you of your shares will always be less than the average of the prices on the days you bought them. This is because

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Around the Market

by Patrick Wiener

Capel-Care Myers

For over a month, we have been expecting the bidder for Edinburgh and Dundee to reveal his identity and specific intentions. Now, an unexpected offer has emerged for British Investment Trust by the National Coal Board. The difficulty in reaching a consensus between a suitor seeking 90% success and a board of directors defending a full "going concern" net asset value, presumably accounts for the delay in the first case. It will be instructive to see if the N.C.B.'s endeavour succeeds, since full integration seems not to be mandatory. Earlier this year seven trusts were taken over, but in every instance the offer was in the form of paper. Based on the market value of these bids, the terms ranged from a discount of 5% to n.a.v. up to as high as 14% premium for a very small concern. On the basis of underwritten values, however, the discount ranged between 13% and 8%.

Furthermore, the turnaround in sterling over the past year, together with the fall in the dollar premium, has accentuated this trend. It is largely through organic change, to some extent instigated by repatriation, that in the past four months the North American content of the 130 trusts has on average fallen from 28% to 20%. Since the beginning of 1977, when we started to plot different segments of the market, trusts with above average exposure to the UK have done significantly better than those heavily committed abroad, by a margin of some 20%. This, however, largely reflects the difference in asset growth, with trusts advancing on a broad front, some discount anomalies have appeared, and the dear stocks, unsupported by a high yield or exceptional asset growth, look vulnerable.

The tendency for discounts to remain in fairly constant relationship to one another—as opposed to variations in the average level—upholds the theory that trusts are largely homogeneous and rarely change their spots. It is axiomatic that the theory depends on market forces; yet there are incipient signs of a more fundamental approach which will in time lead to a far more selective market.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Net Asset Value after deducting prior charges	Investment Currency Premium (see note 1)	Total Assets less current liabilities	Shares or Stock	Date of Valuation	Annual Dividend	Net Asset Value after deducting prior charges	Investment Currency Premium (see note 1)	Total Assets less current liabilities	Shares or Stock	Date of Valuation	Annual Dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VALUATION: MONTHLY											
15.5	Ordinary 25p	30/9/77	1.35	255.8	22.0	1.35	Ordinary 25p	30/9/77	1.2	34.5	93.9
26.4	Ordinary 25p	30/9/77	4.0	164.1	11.3	4.0	Ordinary 25p	30/9/77	1.2	115.5	115.5
10.5	Claverhouse Investment Trust	Ordinary 50p	30/9/77	3.2	103.1	0.8	6.2	Ordinary 25p	30/9/77	1.05	63.9
10.9	Crossbills Trust	Ordinary 25p	30/9/77	3.3	105.9	—	4.2	Pref. Ord. 25p	30/9/77	1.05	34.4
15.9	Dundee & London Investment Trust	Ordinary 25p	30/9/77	2.0	85.2	0.5	Do. Do.	30/9/77	1.05	35.0	82.5
44.1	Edinburgh Investment Trust	Ordinary 25p	30/9/77	6.3	202.8	14.7	Do. Do.	30/9/77	1.05	—	—
42.6	First Scottish American Trust	Ordinary 25p	30/9/77	2.35	110.0	10.2	Do. Do.	30/9/77	1.05	—	—
12.2	Grange Trust	Ordinary 25p	30/9/77	1.7	104.3	—	Do. Do.	30/9/77	1.05	—	—
71.1	Great Northern Investment Trust	Ordinary 25p	30/9/77	3.45	130.3	14.9	Do. Do.	30/9/77	1.05	—	—
64.0	Guadiana Investment Trust	Ordinary 25p	30/9/77	2.35	106.8	8.5	Do. Do.	30/9/77	1.05	—	—
88.4	Investment Trust Corporation	Ordinary 25p	30/9/77	5.015	268.0	55.1	Do. Do.	30/9/77	1.05	—	—
10.4	Investors' Capital Trust	Ordinary 25p	30/9/77	1.25	85.4	10.5	Do. Do.	30/9/77	1.05	—	—
26.9	Jardine Japan Investment Trust	Ordinary 25p	30/9/77	0.7	165.1	28.2	Do. Do.	30/9/77	1.05	—	—
12.2	London & Hobrook Trust	Ordinary 25p	30/9/77	1.7	104.7	—	Do. Do.	30/9/77	1.05	—	—
11.1	London & Montrose Investment Trust	Ordinary 25p	30/9/77	1.7	104.7	—	Do. Do.	30/9/77	1.05	—	—
10.3	London & Provincial Trust	Ordinary 25p	30/9/77	1.7	104.7	—	Do. Do.	30/9/77	1.05	—	—
10.3	Mercantile Investment Trust	Ordinary 25p	30/9/77	0.95	132.1	56.8	Do. Do.	30/9/77	1.05	—	—
10.4	Do. Do.	Conv. Debts 1983	30/9/77	24.50	178.0	22.0	Do. Do.	30/9/77	1.05	—	—
5.3	Northern American Trust	Ordinary 25p	30/9/77	2.45	128.2	11.1	Do. Do.	30/9/77	1.05	—	—
8.0	Scots & Proser Linked Investment Trust	Ordinary 25p	30/9/77	2.06	124.8	10.9	Do. Do.	30/9/77	1.05	—	—
14.2	Scottish Investment Trust	Ordinary 25p	30/9/77	1.7	121.5	6.5	Do. Do.	30/9/77	1.05	—	—
14.2	Scottish Northern Investment Trust	Ordinary 25p	30/9/77	1.7	110.8	13.3	Do. Do.	30/9/77	1.05	—	—
14.2	Scottish United Investors	Ordinary 25p	30/9/77	1.4	104.7	20.2	Do. Do.	30/9/77	1.05	—	—
14.2	Shire & Alliance Trust	Ordinary 25p	30/9/77	5.65	242.1	20.2	Do. Do.	30/9/77	1.05	—	—
14.2	Shire & Leighton Co. Ltd.	Ordinary 25p	30/9/77	7.36	155.9	—	Do. Do.	30/9/77	1.05	—	—
41.3	Sterling Trust	Ordinary 25p	30/9/77	4.63	226.6	23.1	Do. Do.	30/9/77	1.05	—	—
26.9	Technology Investment Trust	Ordinary 25p	30/9/77	4.25	129.3	18.8	Do. Do.	30/9/77	1.05	—	—
21.1	United British Securities	Ordinary 25p	30/9/77	7.95	224.7	24.2	Do. Do.	30/9/77	1.05	—	—
10.8	United States & Securities	Ordinary 25p	30/9/77	5.11	250.0	49.9	Do. Do.	30/9/77	1.05	—	—
21.1	Baillie Gifford & Co.	Ordinary 25p	30/9/77	—	165.7	25.2	Do. Do.	30/9/77	1.05	—	—
117.8	Scottish Mortgage & Trust	Ordinary 25p	30/9/77	3.0	148.2	12.0	50.8	Ordinary 25p	30/9/77	1.05	—
90.4	Edinburgh & Dundee Investment Trust	Ordinary 25p	30/9/77	3.2	151.1	15.5	41.3	Ordinary 25p	30/9/77	1.05	—
88.4	Monks Investment Trust	Ordinary 25p	30/9/77	1.4	165.5	6.5	—	Do. Do.	30/9/77	1.05	—
14.3	Winterbottom Trust	Ordinary 25p	30/9/77	3.75	255.9	26.1	—	Do. Do.	30/9/77	1.05	—
26.9	Baring Bros. & Co. Ltd.	Ordinary 25p	30/9/77	1.7	162.0	24.0	19.6	Do. Do.	30/9/77	1.05	—
23.5	Outwich Investment Trust</										

J. F. B. in good shape

IT IS NOW clear that Johnson and Firth Brown will be able to earn much higher profits in times of more buoyant demand. The company has emerged from a period of rapid development and substantial re-organisation with 22 major divisions well balanced and modernised and capable of earning substantial profits. Mr. J. M. Clay, the chairman, tells members.

The directors feel reasonably confident of the level of activity in the rod and wire engineering companies but in the steel companies there is no immediate prospect of increased demand for the general run of alloy steels, although demand for the more specialised products remains more healthy, Mr. Clay says.

He also reports further improvement in the group's gearing ratio which two years ago was 100 per cent, and in 1967-77 was cut from 71 per cent to 57 per cent. This final movement is due to a change in the treatment of deferred tax which has been brought into line with the proposals of ED19, and the acquisition of British Roll-makers Corporation. Deferred tax previously provided has been written back to reserves.

Capital expenditure during the year to June 30, 1977, was a highest ever £1.0m. While the year-end working capital was up £3.8m. (£4.8m.) and bank overdrafts were up from £6.8m.

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Meeting, Winchester House, on

major item was £2.5m. progress payment on the steel division's GFI project, it also reflects a continuing high level of re-investment through the group.

At year-end outstanding capital commitments stood at £5.05m. (£3.05m.) and a further £1.98m. (£0.85m.) had been authorised but not contracted.

The GFI project is on schedule and commissioning trials are due to start in December, 1978.

The chairman points out that over the last four years some £2.5m. has been spent on capital projects representing more than twice the level of depreciation provided for replacement of fixed assets. The directors hope to maintain last year's rate of spending in the current year though it will again not be covered by the depreciation provision.

Taxable profit for 1976-77 advanced to £11.1m. (£6.1m.) on turnover of £200m. (£17m.) as reported on September 17. The net dividend is listed to 4.26p (3.823p) per 25p share. On an inflation adjusted basis net profit would have been reduced from £10.5m. to £8.1m.

Capital expenditure during the year to June 30, 1977, was a highest ever £1.0m. While the year-end working capital was up £3.8m. (£4.8m.) and bank overdrafts were up from £6.8m.

Sanderson Murray rises

ISSUED CAPITAL: 50 000 000 shares of 50 cents each

PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1977

Tonnage 7 000 000

Grade 9.3 grams per ton

Quarter ended Sept. 1977

Quarter ended June 1977

9 months ended Sept. 1977

Sept. 1977

Net expenditure on mining assets was as follows:

Quarter ended Sept. 1977

Quarter ended June 1977

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WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Dow reverses early loss—up net 2·6

BY OUR WALL STREET CORRESPONDENT

AFTER LOSING further ground this morning, still reflecting news of a slowdown in Gross National Product growth in the third quarter, stocks on Wall Street showed some recovery in response to wild bargain hunting and finished with mixed movements on balance.

The Dow Jones' Industrial Average, after yesterday's 3-point fall to a new two-year low, weakened to a net 2.60 up on the day at \$1430. The NYSE All Common Index was finally 13 cents better at \$30.48, after touching \$30.47, although declines led gains by 788 to 679. Trading volume contracted by 1.5m. shares to 20.32m., compared with yesterday.

Analysts said the market gained some late support from speculation that this week's Money Supply report would show a decline after two weeks of share expansion. Interest rates have risen as the Federal Reserve has

tightened monetary policy to hold back the money supply, which is to

threatens to feed a new inflationary spiral.

At the market close, the Fed reported that basic Money Supply was unchanged in the latest reporting week, while the broader M2 measure was up by \$43.5m.

Polarities were active but down \$1 at \$261 on disappointing third-quarter results, while Franklin Mint fell \$1 to \$81 on a slump in third-quarter profits.

Koehring, however, rose \$1 to \$23 on news that the company has received several acquisition approaches in the past six months.

Seaville, on higher quarterly profits, gained \$1 to \$19.

THE AMERICAN SEC Market Value Index closed 0.82 firmer at 13.82 after moderate trade, Volume 2.20m. shares (2.44m.).

Yielc rose \$1 to \$31 on announcing that it had general talks with a company about the pos-

sibility of a merger.

THURSDAY'S ACTIVE STOCKS

OTHER MARKETS

Canada easier again

Further declines were recorded on Canadian Stock Markets yesterday following a heavy turnover. The Toronto Composite Index shed 0.4 to 982.5, while Golds reacted 12.6 more to 1233.6 and Metals and Minerals fell 15.3 to 187.4, but Oils and Gas con-

Indices

NEW YORK—DOW JONES

	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Oct. 31	Nov. 1	Nov. 2	Nov. 3	Nov. 4	Nov. 5	Nov. 6	Nov. 7	Nov. 8	Nov. 9	Nov. 10	Nov. 11	Nov. 12	Nov. 13	Nov. 14	Nov. 15	Nov. 16	Nov. 17	Nov. 18	Nov. 19	Nov. 20	Nov. 21	Nov. 22	Nov. 23	Nov. 24	Nov. 25	Nov. 26	Nov. 27	Nov. 28	Nov. 29	Nov. 30	Nov. 31	Dec. 1	Dec. 2	Dec. 3	Dec. 4	Dec. 5	Dec. 6	Dec. 7	Dec. 8	Dec. 9	Dec. 10	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25	Dec. 26	Dec. 27	Dec. 28	Dec. 29	Dec. 30	Dec. 31	Jan. 1	Jan. 2	Jan. 3	Jan. 4	Jan. 5	Jan. 6	Jan. 7	Jan. 8	Jan. 9	Jan. 10	Jan. 11	Jan. 12	Jan. 13	Jan. 14	Jan. 15	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20	Jan. 21	Jan. 22	Jan. 23	Jan. 24	Jan. 25	Jan. 26	Jan. 27	Jan. 28	Jan. 29	Jan. 30	Jan. 31	Feb. 1	Feb. 2	Feb. 3	Feb. 4	Feb. 5	Feb. 6	Feb. 7	Feb. 8	Feb. 9	Feb. 10	Feb. 11	Feb. 12	Feb. 13	Feb. 14	Feb. 15	Feb. 16	Feb. 17	Feb. 18	Feb. 19	Feb. 20	Feb. 21	Feb. 22	Feb. 23	Feb. 24	Feb. 25	Feb. 26	Feb. 27	Feb. 28	Feb. 29	Feb. 30	Feb. 31	Mar. 1	Mar. 2	Mar. 3	Mar. 4	Mar. 5	Mar. 6	Mar. 7	Mar. 8	Mar. 9	Mar. 10	Mar. 11	Mar. 12	Mar. 13	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 21	Mar. 22	Mar. 23	Mar. 24	Mar. 25	Mar. 26	Mar. 27	Mar. 28	Mar. 29	Mar. 30	Mar. 31	Apr. 1	Apr. 2	Apr. 3	Apr. 4	Apr. 5	Apr. 6	Apr. 7	Apr. 8	Apr. 9	Apr. 10	Apr. 11	Apr. 12	Apr. 13	Apr. 14	Apr. 15	Apr. 16	Apr. 17	Apr. 18	Apr. 19	Apr. 20	Apr. 21	Apr. 22	Apr. 23	Apr. 24	Apr. 25	Apr. 26	Apr. 27	Apr. 28	Apr. 29	Apr. 30	Apr. 31	May. 1	May. 2	May. 3	May. 4	May. 5	May. 6	May. 7	May. 8	May. 9	May. 10	May. 11	May. 12	May. 13	May. 14	May. 15	May. 16	May. 17	May. 18	May. 19	May. 20	May. 21	May. 22	May. 23	May. 24	May. 25	May. 26	May. 27	May. 28	May. 29	May. 30	May. 31	Jun. 1	Jun. 2	Jun. 3	Jun. 4	Jun. 5	Jun. 6	Jun. 7	Jun. 8	Jun. 9	Jun. 10	Jun. 11	Jun. 12	Jun. 13	Jun. 14	Jun. 15	Jun. 16	Jun. 17	Jun. 18	Jun. 19	Jun. 20	Jun. 21	Jun. 22	Jun. 23	Jun. 24	Jun. 25	Jun. 26	Jun. 27	Jun. 28	Jun. 29	Jun. 30	Jul. 1	Jul. 2	Jul. 3	Jul. 4	Jul. 5	Jul. 6	Jul. 7	Jul. 8	Jul. 9	Jul. 10	Jul. 11	Jul. 12	Jul. 13	Jul. 14	Jul. 15	Jul. 16	Jul. 17	Jul. 18	Jul. 19	Jul. 20	Jul. 21	Jul. 22	Jul. 23	Jul. 24	Jul. 25	Jul. 26	Jul. 27	Jul. 28	Jul. 29	Jul. 30	Jul. 31	Aug. 1	Aug. 2	Aug. 3	Aug. 4	Aug. 5	Aug. 6	Aug. 7	Aug. 8	Aug. 9	Aug. 10	Aug. 11	Aug. 12	Aug. 13	Aug. 14	Aug. 15	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	Aug. 22	Aug. 23	Aug. 24	Aug. 25	Aug. 26	Aug. 27	Aug. 28	Aug. 29	Aug. 30	Aug. 31	Sep. 1	Sep. 2	Sep. 3	Sep. 4	Sep. 5	Sep. 6	Sep. 7	Sep. 8	Sep. 9	Sep. 10	Sep. 11	Sep. 12	Sep. 13	Sep. 14	Sep. 15	Sep. 16	Sep. 17	Sep. 18	Sep. 19	Sep. 20	Sep. 21	Sep. 22	Sep. 23	Sep. 24	Sep. 25	Sep. 26	Sep. 27	Sep. 28	Sep. 29	Sep. 30	Oct. 1	Oct. 2	Oct. 3	Oct. 4	Oct. 5	Oct. 6	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Oct. 26	Oct. 27	Oct. 28	Oct. 29	Oct. 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6	Mar. 7	Mar. 8	Mar. 9	Mar. 10	Mar. 11	Mar. 12	Mar. 13	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 21	Mar. 22	Mar. 23	Mar. 24	Mar. 25	Mar. 26	Mar. 27	Mar. 28	Mar. 29	Mar. 30	Mar. 31	Apr. 1	Apr. 2	Apr. 3	Apr. 4	Apr. 5	Apr. 6	Apr. 7	Apr. 8	Apr. 9	Apr. 10	Apr. 11	Apr. 12	Apr. 13	Apr. 14	Apr. 15	Apr. 16	Apr. 17	Apr. 18	Apr. 19	Apr. 20	Apr. 21	Apr. 22	Apr. 23	Apr. 24	Apr. 25	Apr. 26	Apr. 27	Apr. 28	Apr. 29	Apr. 30	May. 1	May. 2	May. 3	May. 4	May. 5	May. 6	May. 7	May. 8	May. 9	May. 10	May. 11	May. 12	May. 13	May. 14	May. 15	May. 16	May. 17	May. 18	May. 19	May. 20	May. 21	May. 22	May. 23	May. 24	May. 25	May. 26	May. 27	May. 28	May. 29	May. 30	May. 31	Jun. 1	Jun. 2	Jun. 3	Jun. 4	Jun. 5	Jun. 6	Jun. 7	Jun. 8	Jun. 9	Jun. 10	Jun. 11	Jun. 12	Jun. 13	Jun. 14	Jun. 15	Jun. 16	Jun. 17	Jun. 18	Jun. 19	Jun. 20	Jun. 21	Jun. 22	Jun. 23	Jun. 24	Jun. 25	Jun. 26	Jun. 27	Jun. 28	Jun. 29	Jun. 30	Jul. 1	Jul. 2	Jul. 3	Jul. 4	Jul. 5	Jul. 6	Jul. 7	Jul. 8	Jul. 9	Jul. 10	Jul. 11	Jul. 12	Jul. 13	Jul. 14	Jul. 15	Jul. 16	Jul. 17	Jul. 18	Jul. 19	Jul. 20	Jul. 21	Jul. 22	Jul. 23	Jul. 24	Jul. 25	Jul. 26	Jul. 27	Jul. 28	Jul. 29	Jul. 30	Jul. 31</th

All the fun of the Motorfair

BY STUART MARSHALL, Motoring Correspondent

MOTORFAIR has got off to a hammer start. Earl's Court has been filled by the light, sound showmanship of an event of Motorfair is being run as it is trying to be several at once. For the keen enthusiast it is an opportunity to himself (or herself) in and everything associated with them; to the non-motorist it is a chance to see motor shows and showbusiness personalities; children can play with model racing cars or be left in a supervised child care unit while their parents get in to looking and buying.

Motorfair is a highly commercial enterprise. Everything

show is for sale, be it a 1000' six-wheeled Panther

king-like Lady Penelope's car or the TV Thunderbirds programme, a rally jacket or a can of patent medicine for curing family saloon's starting blues.

It is a show put on by the south east, each of whom

for trade not the industry, has contributed £1,000 to pay

to start come about when the stand. During Motor-

Express and the Motor-fair's run the stand will be

managed by staff from the absence of the Society of dealers—in some cases by man-

ufacturers and ageing directors rather than mere

old traditional motor show salesmen. This makes the

year would leave a void financial commitment by these

which they might profitably fill. Peugeot dealers, some of them

general feeling in the quite small by normal motor

car trade and industry that

Motorfair might not be a bad

Whether they—and the distri-

buted—prospered. Even these car

industry executives who had

in thankfully looking forward

in October rise of the panic

and cost of the annual

car show warmed to the ideal

of public motoring spectacu-

larity.

The first manufacturer to take

active action was Leyland.

On April Leyland's distributors

had a consortium and

rented 25,000 square feet of

forward space. Where Leyland

distributors had ventured, every

makers' and importers'

importers felt they now had

the right to be encouraged. Motorfair seems

well Motorfair opened on to have caught the public's

imagination and the organisers

hated in Britain with the are well pleased with attend-

ation of Rolls-Royce, Alfa Romeo, the test will probably

and Mercedes, was repre-

sent in the new car section

crowds pack Earl's Court in

the ground floor. And even the

duces their chequesbooks, the

money. Used cars are being

there by dealers who have

be prepared to participate next

up shop in a second hand

time.

As a spectacle, Motorfair has

been a lot going for it. The fair

is during Motorfair under a

the a lot going for it. The fair

British Car visitor who walks with his champion Jackie Stewart was family out of Earl's Court undoubtedly speaking for the bulk of ordinary motorists when he said that he had found most of the international motor shows he visited were a bore. They lacked showmanship and flair and featured cars that had long before been displayed in dealers' showrooms. That was a contrast with the situation 20 years ago when new cars were still being unveiled at motor shows and provided reason enough for the car-buying public to attend.

Perhaps the conventional motor shows—and not just the London motor show—had by last year come to the end of the line. Among the most interested visitors at Motorfair will certainly be the organisers of overseas motor shows. If Motorfair does prove to be a big success, its example could be followed internationally.

The implications for the SMIT's own show next year at the National Exhibition Centre in Birmingham are considerable. If the public demonstrates in the next 10 days that it wants the hard selling excitement of Motorfair, the SMIT would probably be unwise to depend on strong public support in 1978. Its show then will be a massive motor industry function featuring trucks as well as cars and displaying products and services interesting the industry but not the car buying public.

Next year when there cannot be an Earl's Court Motorfair anyway, because the building has already been booked for an oil industry exhibition, will be a critical time for the SMIT's plan to hold a series of biennial shows. If Motorfair fails to live up to expectations, the SMIT must become more confident about its biennial show's prospects. But if Motorfair gets its audience as on the half million and more customers the selected product. And it is to the car and the exhibition that can improve the buyer's life style so seriously as the regular shows, with their emphasis on the nuts and bolts of car manufacture, as much as on the

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

BankAmerica
19% ahead
in third quarter

By Our Own Correspondent

IN LINE with the generally higher earnings being reported by the major U.S. commercial banks, BankAmerica, the nation's largest banking company, has reported a 19 per cent. rise in third quarter operating earnings.

Net income rose from \$93.1m. to \$110.4m. (76 cents a share) before allowing for securities transactions. The company said that a common stock issue for 7m. shares lowered net income by three cents a share.

Mr. A. W. Clausen, president and chief executive, said the increase reflected higher interest revenue and revenue from non-interest earning operations, and also from a reduction in loan loss provisions. Higher personnel costs, other non-interest expenses and taxes partially offset these gains, he added.

Net interest revenue reported rose by 13.4 per cent. in the quarter, and non-interest revenue from such operations as trust department fees and business fees rose 11 per cent. The loan loss provision for the third quarter was reduced from \$35.2m. a year ago to \$21.4m.

Amex growth slows

Financial Times Reporter

AMERICAN Express, which is currently in the middle of a \$230m. plus bid battle for the Philadelphia Life Assurance Company, reports a rise of 20 per cent. in earnings for the third quarter of 1977, compared with growth rates of 39 per cent. and 55 per cent. in the second and first quarters.

For the latest three months, earnings have risen from \$8.4m. to \$7.6m., taking the figure for the nine months up to \$162.9m. compared with \$139m. At the per share level, the relevant amounts are \$1.06 against 81 cents, making \$2.59 for the nine months, compared with \$1.55.

In the bid for Philadelphia Life the company is up against stiff competition from Tenneco.

Sharp decline at Union Carbide

By STEWART FLEMING

CONFIRMING the mixed earnings trends among the major chemical companies, Union Carbide, the second largest in its fibres business, which it U.S. industry, to-day reported a said was well ahead of last year's sharp decline in third quarter depressed levels.

It emphasised its concern about the future earnings outlook by announcing that it is withdrawing from product lines and development programmes that do not meet its long term profit objectives.

The company's net income has slipped from \$117.1m. in the third quarter of last year to \$93.4m. or \$1.44 a share in the latest period. For the first nine months of 1977, earnings are down at \$27.75m. or \$4.38 a share against \$36.1m. (\$6.46 a share) in 1976.

These declines came in spite of what Mr. William Sneath, chairman, described as "excellent" sales gains of 7 per cent. in the third quarter and 11 per cent. to \$35.22m. for the nine months.

He said that the increased revenues are not flowing through to earnings, mainly because the company's markets are not strong enough to allow it to raise selling prices as rapidly as manufacturing costs have increased.

It was in this context that he announced plans to attack what he described as the company's "earnings problem" by trying to improve gross margins through higher prices and plant productivity, and also by withdrawing from product lines that do not meet profit objectives.

Earlier this week Monsanto, the fourth largest of the U.S. chemical concerns, announced a 61 per cent. decline in third quarter earnings. This reflected in part non-recurring write-offs on its venture into acrylonitrile butadiene, but the company conceded that even without the non-recurring charges earnings were down on a year basis and were below earlier expectations.

Monsanto identified its European textile and plastics businesses as areas where it had suffered deteriorating financial results.

The only major chemical concern to announce an improvement in earnings has been Du Pont. The industry leader reported a 42 per cent. rise in third-quarter earnings to \$143.3m. on a sales gain of 15 per cent. at the beginning of the week.

Du Pont reported strong world-wide gains in the sale of

the company's chemicals, plastics and specialty products and a continuation in the improving trend in its fibres business, which it U.S. industry, to-day reported a said was well ahead of last year's sharp decline in third quarter depressed levels.

Santa Fe Int'l.

onshore move

SANTA FE International Corporation has announced the reaching of an agreement in principle with A. W. Thompson, a Texas drilling contractor, to purchase all the outstanding shares of A. W. Thompson for \$22m. in cash and notes.

Thompson owns and operates 12 medium and deep oil and gas well drilling rigs, all currently under contract in the West Texas area.

The transaction, Santa Fe says, will mark its re-entry into the onshore drilling business in the onshore after an absence of six years. The company's 12 drilling rigs in California in 1971 and since then has operated land rigs exclusively overseas while continuing to operate offshore rigs both in the U.S. and abroad.

Medusa rejects

\$98m. offer

By John Wyles

NEW YORK, Oct. 20. MEDUSA Corporation, a Cleveland-based cement producer, has rejected the \$97.5m. takeover offer from Moore McCormack Resources.

The rejection was unanimously agreed by Medusa's Board, which concluded that the \$38.50 a share offer "is not in the best interests of our company or its shareholders." Moore McCormack, whose interests include shipping and iron ore, made its offer contingent on the approval of the Medusa Board when it announced the bid last week.

Mr. Scott Rogers, Medusa's chairman, said in a letter to McCormack that management had been directed by the Board to "take all necessary action" to avert a takeover. He revealed that Medusa had started an action in the Ohio Common Pleas Court in Columbus "to assure that our shareholders enjoy the protection afforded by Ohio law."

Ohio, in common with many other states, has legislation that restricts the conditions under

which a tender offer can be made.

Medusa has reported record earnings for the quarter ended September 30—and has predicted that its 1977 earnings will exceed the record net income of \$11.5m. returned last year.

Medusa's third quarter net earnings rose to \$7.9m. or \$2.77 a share, from \$6.1m. or \$2.40 a share, in the same period last year, when the results included a loss of \$1.6m. on sale of a subsidiary. Sales in the quarter were \$84.8m., compared with \$70m.

Thomas V. Jones, Northrop chairman and chief executive, said the record third quarter results reflected significant sales increases in the services and construction business areas, and an increase in interest income. He noted that all of Northrop's major business areas—aircraft, electronics/communications, construction and services—have been profitable throughout the year.

The company's business backlog at September 30, 1977, stood at \$1.96bn., down 21 per cent. from the \$2.4bn. reported at the same time last year.

WESCO FINANCIAL CORPORATION said that it had received a formal written demand from the Canadian Foreign Investment Agency requiring Wesco within 14 days to give notice in writing to the Agency of the proposed investment which might be caused by Wesco's outstanding tender offer for shares of Detroit International Bridge Company, AP-DJ reports from Los Angeles.

Wesco is one of several suitors, including Iplex Group, for Detroit Bridge, which operates a bridge over Detroit River. Iplex has prepared a \$22.50 a share offer for the company's 1.3m. shares, against the \$20. Wesco offer.

Wesco is to reply to the Canadian Agency in detail on or before October 26.

PEAK earnings from Northrop

LOS ANGELES, Oct. 20.

NORTHRUP Corporation to-day reported that sales and earnings for the nine months ending September 30 emerged at best ever levels.

Sales in the third quarter rose to \$408.3m. up 27 per cent. over the \$321.1m. recorded in the third quarter of 1976. Net income totalled \$16.8m. against \$9.5m. which reflected a \$11.4m. after tax charge for a provision for loss on investments in an affiliate, and the favourable settlement of litigation claims.

Shumway stated that with the fairly consistent growth in the U.S. economy, he expects the momentum of Signal's record performance will be sustained in the fourth quarter.

Bankers Trust issue

Fearnley & Eggers staff cutbacks

BY FAY GRIESTER

Oct. 20.

NORWAYS TROUBLED Fearnley & Eggers shipping group has interest in an oil drilling announced further staff cutbacks.

At the London talks, in its administrative staff ashore, following an agreement by Fearnley & Eggers' Mandalen ship, it reached with its creditors, is agreed in principle to cut its London last week. Lay-offs of 18 or 19 per cent. savings in earlier this year reduced the parable over seven in the company's staff on land from 140 to 90.

The debt settlement is confirmed in writing by Fearnley & Eggers, in the very near future, 24 have been described to a skeleton force of some 30 or most complicated and per so. The 600 officers and men serve also the largest, over 2000 men on the Fearnley & Eggers by a Norwegian company, the debt will also gradually be cut its 1000 Fearnley and Eggers missed, as ships are sold to continue in operation, but reduce the company's Krf 350m. the supervisor of a crew debt. At present, it controls 18 countries.

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FARMING AND RAW MATERIALS

Potato crop doubled in France

Brussels talks on call for soya import tax

By Christopher Parkes

THE FRENCH potato crop this year is more than double last year's harvest, according to the national growers' association. Liftings total 6.47m. tonnes compared with 3.22m. last year, and the quality is reported to be very good.

Production, throughout the Nine, is unusually abundant and large, however, is concerned that the European market is expected to be about 3.8m. tonnes—or 6m. tonnes more than in 1976 when yields suffered badly from the drought.

West Germany, the Comme-

unity's biggest single producer,

has a crop of at least 12m.

tonnes on soya might lead on to further charges on other oilseeds and similar products.

In Britain, where growers are striving to handle a bumper crop of their own, prices have fallen again over the past week following a brief recovery when the Potato Marketing Board announced support buying measures.

In Europe there is a highly efficient starch making industry which can absorb surplus potatoes. In the UK, when excesses are not fed to animals they are usually destroyed.

Rumours of Brazil sales hit coffee

By ROBIN REEVES

LONDON COFFEE futures hit new 13-month lows yesterday. The January position climbed to £1,680 a tonne at one stage but ended the day £96 down at £1,545 a tonne.

The erratic performance of the market was explained by some dealers as the result of rumours that Brazil had sold coffee to US roasters under special deals at the equivalent of \$2 a lb.

This price compares with a stated Brazilian export minimum of \$2.20 a lb but is still well above current market levels.

Dealers were therefore uncertain whether the reports should be seen as evidence of a weakening in Brazil's resolve or as a sign of increased consumer interest. The more "bullish" interpretation seemed to be winning out initially but later speculative and chartist selling indicated that the "bearish" view eventually prevailed.

Reports from Uganda had sold substantial quantities of coffee this week failed to impress the market. Traders said the reports were somewhat surprising as Uganda had been quoting prices much higher than market levels. But this week's sales are believed to have been at market levels and, therefore, a neutral factor.

SOVIET SUGAR sugar crop delays

By DAVID SATTER

SOVIET AGRICULTURAL workers are making good progress in bringing in the sugar beet.

The newspaper Sovetskaya Rossiya, expressing concern that the harvest is not yet 100 per cent, of the sown-down seed areas, has been harvested in the

1978 North Sea haddock

As expected, the proposals which go before the Council of Agriculture and Fisheries Ministers in Luxembourg next week, make no concession to the British and Irish demands for an exclusive national fishing band up to 30 miles offshore. The Commission is sticking firmly to its

original line that the share-out most cases have been set for 1978 at levels well below those of inside the EEC's 200-mile limits.

In accordance with the EEC's common fisheries policy, to take account of last year's move fishing fleets of the Nine.

Its plans ran into trouble

As a result of the year-long deadlock over revising the EEC's common fisheries policy, to take account of last year's move fishing fleets of the Nine.

At a meeting of senior national officials which go before the Council of Agriculture and Fisheries Ministers in Luxembourg next week, the British delegates complained that no apparent allowance had been made for the U.K.'s special circumstances.

The global quotas or total allowable catches (TACs) cover some 60 species of fish and, in

the 1978 North Sea haddock

level recommended by the East Asian Fisheries Commission in 1976. Herring TACs are similarly cut back in those areas where fishing is not to be banned altogether in 1978.

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Stockpile tin for copper Bill rejected

By John Edwards, Commodities Editor

A PROPOSAL to sell 30,000 tons of surplus tin from the U.S. stockpile, and use the proceeds to buy 250,000 tons of copper, was narrowly defeated in the U.S. Senate last night.

The bill, introduced by Senator Edward M. Kennedy, would have imposed a Community tax on imports of Brazilian soyabean oil to almost double the tax on meat, to unrealistic levels.

The Brazilian Government, however, in much the same way as it handles its coffee trade, has adopted a tough independent line with soya. Its main objective has been to squeeze as much added value as possible from this high-protein crop. However, its hopes seem likely to be dashed by the concerted and persistent pressure from Europe's

crucial oilseed crushers.

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The Brazilian Government

FRENCH BANKING II

Role of the Banque de France

Demanding post-war years Floating Rate Notes Issues have proved to be a valuable source of external financing for French firms to support their international activities.
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• \$30,000,000 Floating Rate Notes due 1983
• Crédit Industriel et Commercial \$30,000,000 Floating Rate Notes due 1983
• Crédit Lyonnais \$75,000,000 Floating Rate Notes due 1982 \$80,000,000 Floating Rate Notes due 1983 \$30,000,000 Floating Rate Notes due 1983
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بنك فراب الدولي

FRAB-BANK INTERNATIONAL
BANQUE FRANCO-ARABE D'INVESTISSEMENTS INTERNATIONAUX

**COMPARISON OF FINANCIAL STATEMENTS AS OF
THE END OF JUNE 1976 AND 1977**

(in thousands of F.F.)

Assets	30.6.76	30.6.77	Liabilities	30.6.76	30.6.77
Banks	1 184 274	1 674 195	Banks	1 673 286	2 482 990
Advances to Customers	796 933	1 060 624	Customers' Accounts	224 626	167 840
Miscellaneous	109 358	118 242	Miscellaneous	120 583	127 012
Investments	4 068	7 766	Reserves	1 316	1 491
Fixed Assets	2 331	2 057	Share Capital	70 000	70 000
			Provisional Results	7 213	13 551
Total	2 097 024	2 862 884	Total	2 097 024	2 862 884

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260-36-39 +



55-57, avenue Kléber. — 75116 PARIS.

THE PAST 30 years has seen, in France as elsewhere, the increasing subordination of the banking profession to the dictates of economic and monetary policies. The mechanisms of control have been gradually refined, moving from the relatively simple rediscount platforms which remained the basic tool of monetary control until well into the 1960s to the present armoury which includes credit ceilings, obligatory reserves and supplementary punitive reserves. This development has meant that to the traditional preoccupations of the banker—solvency and liquidity—has been added the need to avoid penalties for stepping over the mark imposed by the regulatory authorities.

This development has not been entirely negative for the banks. It has brought with it, notably, virtual escape from any real risk-taking in certain forms of lending which respond to national requirements and the subsidisation of interest rates by the Government.

This article deals particularly with the role of the Banque de France in overseeing the money market and in controlling the supply of credit. The point at which to begin the discussion is 1971, when the then Governor of the Banque de France, M. Olivier Wormser began to apply the reforms suggested by a committee set up in 1968 to study the means of pursuing monetary policy and the reform of the short-term money market. The leading light on the committee was the economist Robert Marjolin, a man with immense experience as an official in the national and international economic sphere.

From 1948 to 1971 the main source of supplying finance to the banks had been the use of discount platforms. Needs above this were supplied by the money market but the rates were almost invariably above the discount rate since they were determined essentially by the international monetary climate.

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The purpose of the reform was to transfer the bulk of bank funding to the money market. The discount ceilings were abandoned and replaced by the temporary sale of first-class paper representing short and medium-term credits which had been subject to a discount agreement. At the same time the Banque de France announced that it would intervene only exceptionally in the market in respect of second category paper—commercial bills for example.

At the turn of 1972 stage two of this reform was implemented when the Banque de France substituted for day-to-day and term purchases of paper a system of outright purchase on the basis of a tender. This tender takes place normally at the beginning of every reference period for the calculation of the amount of compulsory reserves—in practice near the 21st of the month.

The object of these moves was to compel the banks to work out forecasts of their financing needs at longer term and, with financing becoming somewhat more hazardous, push them towards a more cautious credit policy.

The Banque de France still possessed the means to control the market and effect marginal interventions to prevent changes in liquidity causing excessive rate fluctuations. In particular, it was prepared to buy securities on a temporary day-to-day basis towards the end of the market and the need not to ex-

GUARANTEED INTERNAL DEBT
(Fr. m.—repayable in francs)

Type of Debtor	Amount December 31 1977
Autonomous and semi-autonomous public agencies and institutes (including the CNA)	123,459
Municipalities and other local government unit development agencies	466
Overseas territories and public agencies	249
Nationalised services	21,582
French Railways	10,544
Overseas railways	34
UNESCO and foreign governments and organisations	185
Miscellaneous	56,589 (2) 12
Total	228,385 23

(1) Represents new internal debt guaranteed by the Republic of France for the period indicated without taking into account repayment of guaranteed debt during such period.

(2) Includes a joint issue by a number of State-controlled institutions of bonds 1991 in an aggregate amount of Frs.3.5bn. for the benefit of small- and medium-sized enterprises.

"reference" month to assist pose the franc to attack have some five years ago to banks in need of money to meet arrested the decline. At the end, banks to include in their their reserve requirements. of August the reduction of rates num portfolio bonds less provers is not linked by form of a cut from 10.5 to 9.5 provided they are quoted any arithmetical certainty to per cent. in the official discount Stock Exchange and reduce the movement of rates in the rate, keeping it above the in a maximum of seven money market. In addition, of money market rate to prevent the interest in this mean course, those rates themselves rush to discount.

that it created a direct between the money and markets.

The compatriot, re defences are far from plietely effective in time severe inflation because come into operation only insofar as the need to compulsory reserves pushed banks to raise money on money market and impelled rates upwards argued that the itself might provoke inflation pressure.

To limit the actual in money supply the system imposing credit ceilings, penalising over-borrowing, instituted from the and certain forms of credit loans to finance the purchase of equipment or machines export-generating industries excluded from the "men."

Finally, the Banque de France to short-term "trésorerie" err on the side of caution, because it does not want to find itself obliged to raise up rates quickly in the event of difficulties for the franc. It reckons that the present differential between Eurodollar and franc is satisfactory.

The administration of rates on the money market is one of the big guns in the Banque de France's armoury. The other side of this same defensive position is the direct imposition of controls on bank lending.

The system of compulsory reserves was introduced in 1967. It made banks secure central bank money at market rate to Council. The initial aim was to keep in non-interest bearing that by subjecting accounts at the central bank. Originally calculated as a percentage of each bank's liabilities, since 1971 the amount has also been based on loans granted by banks and financial institutions.

Alongside this mechanism must be mentioned the provisionally the big banks, a paper arising from medium-term loans which requires banks in January to 105 by the end of December. The other banks term loans out of their own financial institutions resources up to a minimum specified in instalments. This minimum amount finance are permitted to be determined by applying a from 100 to 108, percentage—the "self-financing" institutions specialising in co-efficient—in deposits of purchase are permitted a under three years entered in the generous 100 to 110 pro rata side of the balance because of the desire sheet. The maximum is 25 per cent. Finally, a separate

CONTINUED ON NEXT PAGE

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FRENCH BANKING III

External borrowing
on the increase

IN THE leading French senior civil servants in the last month discovered, to their surprise, that the State Caisse Nationale des Communications (CNT) had decided to bypass them and not earlier this year at least in the nationalised bank Eurodollar sector of the market, leaving the lead managers of a D-mark sector, French 1974.

It had decided to float, all the same, some loose among some of the Paris members of the Paris banking fraternity.

Prestige still means a lot to such banks—and not least the leading ones which are nationalised. Their aggregated feelings are not difficult to understand. Prestige also appears to a lot to the Ministry of Finance, which were based on the market at the end of 1976 did not help.

This prompts the question: Is the Ministry of Finance trying to some bankers, open? Does the Ministry of Finance have a queue system? The \$75m. 12-year CNT bond, answer seems to be no. While buying a coupon of \$3, marked officials may have a clear idea of how much France will have to offer into the bond market to borrow, they do not make a prolonged absence. This list of potential borrowers was willed by the Rue de Rivoli, as the Ministry of Finance is known, in an attempt to establish French creditworthiness which had been somewhat hit earlier this year, involving a very difficult operation for the Caisse Nationale de Consignations to the Caisse des Dépôts et Consignations had to be supported that issue by the Ministry. It is possible that the scars left by this episode decided many officials to resort to sign banks to lead-manager CNT issue.

Germany's Deutsche and Switzerland's UBS two most powerful banks which are chosen, but it is worth noting that a least one of the genuine placement. As all luck to nationalised French banks would have it, the issue reached strict identical terms the market at a time when those offered by its West German and Swiss competitors and the bonds, which were has therefore to assume priced at \$91 fell to \$74-\$81. Further arguments played in Dismantling the selling committee of the Deutsche Bank-S team.

He first may have been the expectation of what may happen with the euro, created in at the general election next. France is difficult to say, victory for the Left. French nationalised banks are likely to score off investors, not alone in complaining that Germany—the Swiss. The Rue de Rivoli still has a number of such a victory would pose to learn. "Too touchy and too pressed by private French cared about prestige" was the The nationalised ones comment of a senior foreign banker who has recently dealt with them, presumably because they would have to live with the Ministry. The French at closer quarters want to have their cake and eat sweetly enough," many it, he added. French bankers remain cool: "Let us make it feel that foreign banks for the elections and can do a better job than French ones. Maybe it depends which French banks one is speaking of.

All may soon be forgotten, however, as CDF Chimie, the chemical branch of the State such attitudes appear quite normal today, as the Left, France, will be raising \$50m. for tearing itself to shreds over ten years on a spread of 1 per cent for the first five years. Furthermore, many a banker points out, a rating of 1 per cent over Libor rate overnight. Many of the will be one of the nationalised advisers of the Socialist banks. The operation is interesting because it suggests that

There are other reasons for

which was felt in the market

Eurodollar sector of the market,

the D-mark sector is regulated

ensures that an orderly queue

system operates. In the dollar

sector there is a lot of French paper around and investor resi-

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FRENCH BANKING IV

Broader mission for Crédit Agricole

BUT FOR its Frs.257bn. con-loans. This high degree of consolidated balance-sheet, it could liquidity has already made the be easy to dismiss France's bank the second largest supplier Crédit Agricole as simply of funds to the Paris money another European rural-oriented market. Over the past 30 years, stated co-operative bank. But moreover, the Crédit Agricole not only is it difficult to ignore the world's third largest bank; the Crédit Agricole is also undergoing a dramatic internationalisation of its original vocation. This reflects the crucial position occupied by agriculture in the French economy and balance of payments and makes the institution something more than the first bank of the French farmer.

Aptly termed a "priority sector" by the Government, the agriculture and food industries together ranked second in the French economy in 1975, behind construction and public works, with a turnover of Frs.160bn. Beyond its role as the principal lender to this sector—a fairly constant 33 per cent of all Crédit Agricole's medium- and long-term loans go annually to agriculture—the bank is the key agency in the Government's decision to achieve a big expansion of agricultural exports during the rest of the decade.

The French Seventh Plan calls for the generation of a Frs.20bn commercial surplus in the agro-food sector by 1981. It was thus no coincidence that, in his brief introductory remarks to the institution's latest annual report, Crédit Agricole managing director Jacques Lallement dealt almost exclusively with "international financing markets" and the bank's contribution "to a better penetration of the country's agriculture... at European and global levels."

In terms of the size and nature of its resources, Crédit Agricole is admirably equipped for the role envisaged for it by Executive Director for International Operations Serge Robert—"to become the international bank of agribusiness." Out of total resources of Frs.307bn. collected from the public at the end of 1976, only

Frs.164bn. were outstanding in Finance and Agriculture—the bank in 1975 provided commercial transactions, a 30

French co-operatives with per cent increase over the Frs.1,425bn. in loans for 1975 year.

But it is clearly the bank's 84 years of providing rural credit in France—through a present network of 10,000 branches—that not only set it apart but also give it the experience and expertise necessary for the financing of French agriculture on both a national and international level. In recent years the latter has required increasingly large injections of capital, for operating expenses as well as for longer term investment.

Land is expensive and the profitability of agriculture has required the use of larger and larger farm units. Operating expenses—for buildings, equipment, livestock, seed—represent four-fifths of the total capital invested in agriculture. Equipment loans provided by Crédit Agricole in 1975 alone totalled Frs.5,885bn. More intensive cultivation and an increasing specialisation among agricultural firms have together compelled farmers to seek goods, services and even labour outside the immediate farming community.

Over the last 15 years these factors have provoked a gradual uneven trend toward greater concentration within French agriculture and related industries. If not perhaps producing a complete transformation of the sector, this process has none the less evolved to the point where today more than half the sector's turnover is handled by 116 major groups chiefly from among the country's 3,000 farming cooperatives.

Given the specialised nature of Crédit Agricole's basic mission, however, such comparisons are of limited value. With the obvious exception of competing with the rest of the banking sector for deposits, basic differences make the Crédit Agricole unique within the French banking community. This includes its societe coopérative status—by credits from specialised institutions and Crédit Agricole's sales relationships its own history as a mutual credit clients have in foreign countries. In its first year of operation, the international department handled 365,000

At the international level Crédit Agricole more often than not works in partnership with other European co-operative banks, six of which have formed the United Co-operative Banks group or Unic. A year ago the Caisse Nationale Crédit Agricole also increased its participation in London Continental Bankers to 25% or a 17 per cent shareholding and through LCB participating in the creation of another's subsidiary bank, the Zurich-Bank Europäischer Gesellschaften, of which it holds 25 per cent. To strengthen its presence in more countries, Crédit Agricole has open representative offices in Frankfurt and Milan and New York. David Gudgin

To this end Crédit Agricole has embarked on a full range of international banking operations, opening accounts with foreign banks, buying and selling currencies, all based on its own history as a mutual credit clients have in foreign countries. In its first year of operation, the international department handled 365,000

David Gudgin

Some recovery on the Bourse

FOR THE GREATER part of the past 18 months the Place de la Bourse on the fringe of the could think of any reason for Paris' rag-trade quarter has speculative interests. Since then conditions have looked like a test-site for a neutron bomb experiment. The changed abruptly. To pick a solid square block of the stock plausible date again, on the night of May 12 the Prime Minister, M. Raymond Barre, a railway station built on a clear edge in a televised classical Greek lines, but its denizens have moved with a shell-shocked air of depression.

The cause of the gloom was easy to find. In 1976 the Paris Bourse suffered the worst decline of all the industrial stock exchanges, with values declining by 17 per cent overall and dealings in French variable-income holdings of 21 per cent. Even including the relatively buoyant sector, overall dealings were 6 per cent down on the year and new share issues totalled a mere Frs.1.2bn., leading the Bourse authorities to forecast gloomily that the Bourse itself was destined to go into permanent decline and that the cause of the gloom was easy to find. In 1976 the Paris Bourse suffered the worst decline of all the industrial stock exchanges, with values declining by 17 per cent overall and dealings in French variable-income holdings of 21 per cent. Even including the relatively buoyant sector, overall dealings were 6 per cent down on the year and new share issues totalled a mere Frs.1.2bn., leading the Bourse authorities to forecast gloomily that the Bourse itself was destined to go

Finally, the best thing of all for the Bourse, the Socialist companies would find it virtually impossible to finance its capital increases by issuing new shares. The decline of 1976 accelerated into 1977, with the gloom over the fate of equity holdings depressed by the flood of fixed interest borrowing on the Bourse occasioned by the Government's substantial financial needs.

Immediately the political geography changed. The assumption that the monolithic Left would march to victory was no longer valid, and even if the next Government were to prove more Leftish than the previous fears of a full-blooded collectivist administration impelled by the Communists towards State capitalism began to recede.

The Bourse reacted swiftly. Since June it has risen by some 28 per cent, largely because so many shares were depressed by political fears to values way below those justified by asset strength. In particular, Swiss, German and American interests are putting money back into the Bourse with shares like Perrier, Schlumberger, L'Oréal and even Peugeot-Citroën benefiting.

But another shift in the political scene could clearly push this money out again, and it is necessary to examine the factors in play on the Bourse. These embrace politics, the bond market, the tax situation, and broad economic perspectives.

Politics have dictated much of the Bourse's behaviour. The decisive factor has been, until recently, the assumption that the Socialist-Communist Left

would win the election and the shares in the nationalisation programme to implement a programme to nationalise the banking and credit sector (notably the two big banks remaining under private control, Paribas and Suez), and nine big industrial groups including: St-Gobain-Pont à Mousson; Pechiney-Ugine-Kuhlmann; Rhône-Poulenc; Roussel-Uclaf; Cie-Honeywell Bull; and Compagnie Générale d'Électricité.

Second, the optimism on the assumption that the Socialists, who will certainly emerge from the elections as the biggest single party, will be able to implement their programme even if they share government. While this probably true, it is not difficult to see the centre parties prepared to accept some Social measures with the blessing of President Giscard d'Estaing by doing so they can "unite the majority towards the Left and isolate the Communists.

After all, it is as well-remembered that the Gaullist State has tended to stand paternalism rather than capitalism as such, and French companies already complain that the welfare State retains less than total control, but even with these riders the Socialist programme remains an industrial world.

For the moment, then, it

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FRENCH BANKING V

Growing presence by
the Arabs

of the latest Arab bankers (UBAF) and Banque Arabe up in Paris looked down Internationale d'Investissement the window of his Avenue (BAII), or directors of the more recently arrived Beirut com-

pany and summed up his mercantile banks driven out by the very quick permission to "go Arab world." "We are civil war. The latter followed French."

With the authorities are still coming despite the housed in its thickly-carpeted

as it is with the improved situation in Lebanon. The most recent to Neuilly and with its related

speaker was Dr. Chirac receive permission from the Syrian chairman and Banque de France to set up a Luxembourg/Frankfurt. Hong Kong and New York. Deposits

which has opened in Credit Lyonnais in Beirut and

the channel Saudi, and whose new bank in Paris is

Arab funds into European Banque Trad-Credit Lyonnais

and to finance trade. (France) SA.

Abras and his Arab

Corporation used to

out of Beirut, but like

other Beirut-based ban-

ks found it considerably

number of Beirut banks now per cent is held by other

seven. Most of them kept tick-

ways was a political creation,

the part of the Gaullist pro-Arab

elite. Luxembourg "in-

shouting and some have policy, and it has played a major

changed and is now 50 per cent

Arab and 50 per cent non-Arab.

Arab Finance Corpora-

Lebanese traders and business-

international, has 75 per men in Paris and the seven

and seven and a half per Lebanese banks serving them

respectively of the Al look set to stay in Paris

Banque.

The newcomers are very

latter's importance is different from the Big Three

is only the second Saudi consortium banks who are

to be set up outside the heavily involved in the Euro-

the first, Al-Bank Al-

Al-Alami was estab-

that the Lebanese trader,

in London with the whether in Saudi Arabia or

Arabian Monetary Agency Nigeria, can move his money

shelling shareholder. The and pay his suppliers. The

bank is private and in six most successful has been

its assets of Frs.413m. the Banque Libane-Francaise

in a small half-year (France) whose Beirut parent

of Frs.3m. is 70 per cent owned by the Cie

obviously a bank destined

Financiere de Suez and its

for a good third of its partner, Banque de Mandchouie

and de Suez, and 30 per cent by

its Luxembourg parent Lebanese interests. It specialises

in opening in Geneva in triangular trade, for the

London. Models of major

estate projects in Europe

to be seen in the finely

and entrance halls of the selling to Morocco.

George V premises. The Lebanese have the advan-

ce of other Arab bankers in Paris—although their offices

French capital, but they look as if they have been picked

of the three longer estab-

up in Beirut and put down on

consortium banks, Arab, European, Business Co-

International. Union de

Arabes et Francaises Lebanese have switched their

trous last year. He called then Frs.5m. but the big jump came

in regard the Bourse re-

stream of issues by semi-State

is a limited speculative bodies like Credit National

depending on the loss of in the market for Frs.1bn. re-

ability of the Left. An out-

cently, regional development

strike between the gov-

bodies, public equipment, con-

parties or a plausible terms, particularly telecommuni-

cating, the Let's, telecommunications, and transport

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AUTHORISED UNIT TRUSTS

HIGHS AND LOWS

OPTIONS TRADE

THE SHARE INDUSTRY

ABN. Bank	6 9	Hill Samuel	5 6
Allied Irish Banks Ltd.	6 9	C. Hoare & Co.	6 9
American Express Bk.	6 9	Julian S. Hodge	7 9
Amro Bank	6 9	Hongkong & Shanghai	6 9
A P Bank Ltd.	6 9	Industrial Bk of Scot	7 9
Henry Ansbacher	6 9	Keyser Ullmann	6 9
Banco de Bilbao	6 9	Knowsley & Co. Ltd.	8 9
Bank of Credit & Cmce.	7 9	Lloyds Bank	5 6
Bank of Cyprus	6 9	London & European	8 9
Bank of N.S.W.	6 9	London Mercantile	6 9
Banque Belge Ltd.	6 9	Midland Bank	6 9
Banque du Rhone	6 9	Samuel Montagu	6 9
Barclays Bank	6 9	Morgan Grenfell	5 9
Barnett Christie Ltd.	8 9	National Westminster	5 9
Bremar Holdings Ltd.	5 9	Norwich General Trust	6 9
Brit. Bank of Mid. East	6 9	P. S. Refson & Co.	6 9
Brown, Shipley	6 9	Rossmoinster Accepts	6 9
Canada Permanent AFI	6 9	Royal Bk. Canada Trust	6 9
Capitol C & C Fin. Ltd.	9 9	Schlesinger Limited	6 9
Cayzer Ltd.	6 9	E. S. Schwab	7 9
Cedar Holdings	5 9	Security Trust Co. Ltd.	7 9
Charterhouse Japhet	6 9	Shenley Trust	9 9
C.E. Coates	7 9	Standard Chartered	6 9
Consolidated Credits	7 9	Trade Dev. Bank	6 9
Co-operative Bank	6 9	Trustee Savings Bank	6 9
Corinthian Securities	6 9	Twentieth Century Bk.	7 9
Credit Lyonnais	6 9	United Bank of Kuwait	6 9
Duncan Lawrie	6 9	Whiteaway Laidlaw	6 9
Eagle Trust	6 9	Williams & Glyn's	6 9
English Transcont.	7 9	Yorkshire Bank	6 9
First London Secs.	7 9	Members of the Accepting Houses Committee.	
First Nat. Fin. Corpn.	8 9	• 7-day deposits 3%, 1-month deposits 3%.	
First Nat. Secs. Ltd.	8 9	• 7-day deposits on sums of £10,000 and under £10,000 up to £25,000 3% and over £25,000 4%.	
Antony Gibbs	6 9	• Can deposits over £1,000 3%.	
Goode Durrant Trust	6 9	• Demand deposits 3%.	
Greyhound Guaranty	6 9	• This also applies to Sterling Ind.	
Grindlays Bank	6 9		
Guinness Mahon	6 9		

FOOD PRICE MOVEMENTS

	Oct. 20 £	Week ago £	Month ago £
ACON			
Danish A.1 per ton	1.035	1.035	1.035
British A.1 per ton	1.010	1.010	1.010
Irish Special per ton	1.010	1.010	1.010
Ulster A.1 per ton ¹	1.010	1.010	1.010
BITTER (packets)			
NZ per 20 lbs	10.63-10.74	10.63-10.74	10.63-10.74
English per cwt ²	62.05	62.05	62.05
Danish salted per cwt ²	69.15-71.43	67.15-69.47	67.15-69.47
BERRY			
English cheddar rindless per tonne	1.219.42	1.219.42	1.219.42
NZ per tonne	1.130	1.130	1.130
BGS*			
Home-prod. Standard	3.40- 3.65	3.40- 3.65	4.10- 4.30
Large	3.70- 3.90	3.70- 3.85	4.20- 4.50
	Oct. 20	Week ago	Month ago
	per pound	per pound	per pound
	p	p	p
CEF			
Scottish killed sides (ex- KKCF)	45.0-49.0	45.0-49.0	47.0-50.0
Eire forequarters	31.0-33.0	31.0-34.0	31.0-34.0
AMB			
English	46.0-50.0	45.0-51.0	47.0-50.0
NZ PLS-PAs	44.0-48.0	46.0-48.0	44.0-47.0
BTWV			
English ewes	24.0-41.0	35.0-41.0	33.0-42.0
Dove (all weights)			
DUCK			
Broiler chickens	30.0-34.0	30.0-40.0	30.8-34.0
	per dozen eggs		Delivered.

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Gilt Fund	555	549	+0.3	—	Fixed Interest	555	555	—	Growth UP	1114.6	124.7	—
PUL Fund	1175	1104	-61.1	—	Deposit	1114.9	120.0	—	Capital UP	1222.7	130.3	—
Fund currently closed to new investment	—	—	—	—				—	Income UP	1155.4	163.2	—
Perform. Units	115.2	—	—	—				—	International UP	1224.2	130.6	—
Commercial Union Group	—	—	—	—				—				
St. Helen's, 1, Underwriting, E22	—	61-222 7800	—	—	Three Quays, Tower Hill EC3R 6HQ 01-620 4585	—	—	—	Scottish Widows' Group	—	—	—
Variable Annuity Unit	50.85	—	—	—	Perf. Pers. Fund	117.0	—	—	P.O. Box 902, Edinburgh, EH12 5BT. 01-570 0000	—	—	—
Div. Annuity Unit	37.75	-1.20	—	—	Corp. Deposits	1111.1	122.9	—	Int. Pfd. Series 1	102.3	102.3	—
Confederation Life Insurance Co.	—	—	—	—	Equity Bonds	1224.9	135.0	+2.0	Int. Pfd. Series 2	96.2	101.9	—
50, Chancery Lane, WC2A 1HE	—	61-222 0202	—	—	Family 20-30	1153.6	+2.1	—	Inv. Cash P. Oct. 14	105.4	100.5	—
Venture Fund	144.6	151.8	—	—	Family 61-59	107.9	+2.0	—	Ex. Ut. Tr. Oct. 5	141.8	147.0	—
Managed Fund	131.8	137.6	—	—	Gilt Bond	106.6	111.9	—	Mod. Pfd. Oct. 12	226.9	237.4	—
Personal Pfd. Fund	57.5	71.2	—	—	International Bond	95.7	90.0	+1.6				—
Equity Pfd. Fund	212.2	—	—	—	Managed Bonds	1223.3	125.0	—				—
Small Inv. Pfd. Fund	171.3	—	—	—	Property Bds.	104.3	120.5	+0.2				—
Managed Pfd. Fund	122.0	—	—	—	Sec. Yield Fd. Bd.	77.7	81.7	—				—
Proprietary Pfd.	144.8	—	—	—	Reserve Fd. Bd.	20.6	20.5	—				—
Invested in Pol.	—	—	—	—	American Fd. Bd.	101.7	104.0	—				—
Cornhill Insurance Co. Ltd.	—	—	—	—	Japan Fd. Bd.	43.0	45.2	—				—
12, Cornhill, EC3	—	61-222 5420	—	—	Prices on Oct. 10 - Oct. 10 - Oct. 14	—	—	—				—
Capital Oct. 10	—	114.5	—	—				—				—
Gilt Pfd. Oct. 10	—	—	—	—				—				—
Inv. Gilt Fd. Sept. 20	116.5	117.5	—	—				—				—
Credit & Considene Insurance	—	—	—	—				—				—
120, Regent St, London W1R 5PE	—	61-439 2011	—	—				—				—
CAC Managed Fd.	122.0	122.0	+5.0	—				—				—
Managed Fds.	153.6	153.6	—	—				—				—
Crusader Insurance Co. Ltd.	—	—	—	—				—				—
Virginia House, Tower Pl., EC3	—	61-222 0001	—	—				—				—
Gilt Prop. Oct. 4	—	61.5	-6.7	—				—				—
Eagle Star Insur./Midland Ass.	—	—	—	—				—				—
1, Threadneedle St, EC2	—	61-222 0004	—	—				—				—

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU.	Tel. 01-283 1101
Index Guide as at 11th October, 1977 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital	132.71
Clive Fixed Interest Income	133.90

INSURANCE BASE RATES	
† Property Growth	7 5/8
Cannon Assurance	3 3/8
* Address changes to: INSURANCE and PROPERTY DEPARTMENT	

HOTELS—Continued

DUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

NOMURA
The Nomura Securities Co., Ltd.

NOMURA EUROPE N.V. LONDON OFFICE
Barber Square, 12, Moorgate, London EC2R 6AU
London EC2R 6AU • Tel. 01 503 3411 Ext 523

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Investment Trusts

INSURANCE



Sir Richard Dobson's job threatened

By TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE FUTURE of Sir Richard Dobson as chairman of British Leyland was under serious challenge last night following the publication of a speech in London last month, in which he made remarks about "wogs" at a private businessmen's dinner.

The speech, secretly recorded and smuggled out to the Socialist Challenge newspaper, caused a furor within British Leyland and the National Enterprise Board, the company's major shareholder, yesterday.

Left-wing MPs will be taking up the matter with the Government immediately. Parliament recesses next week and the Department of Industry was last night considering a reply to a letter from Mr. Tom Litterick, Labour MP for Selly Oak Birmingham, demanding Sir Richard's dismissal.

An attempt by Sir Richard to defend the issue seemed to have failed last night. He said in a comment issued through the British Leyland press office, before he left on a visit to the U.S., that he very much regretted that "certain remarks made off the cuff at a private gathering may have caused offence when taken out of context."

In spite of this apology, Mr. Eric Varley, the Industry Secretary, is understood to be deeply concerned at the general tone of the speech from the chairman of Britain's largest State-owned company.

Apart from an attack on governments in general for hypocrisy, the passage which has given most offence to Sir Richard turned to the recent allegations of the existence of a "slush fund" at British Leyland for helping sales in foreign countries. This, he said, was attacking the company for a "perfectly respectable fact that it was bribing wogs."

Later, in a comment on the Grunwick affair, he referred to employees in the company as "blackish people."

At the same time Leyland itself will be seriously embarrassed by a series of pungent comments by Sir Richard on the subject of trade unions.

At one point in the speech, delivered at the Dorchester Hotel to about 30 members of the Twenty Club, a leading retailers' organisation, Sir Richard said: "We have been stuck from the start of the Ryder Plan with the trade unions. There is no way out, by going over the heads of the trade unions."

These remarks come when the company is trying to persuade the workforce to accept a revolutionary pay and bargaining system against extensive opposition from the unions.



Sir Richard Dobson: under attack.

Left wing shop stewards from the Rover, Solihull plant near Coventry, said yesterday that they had already attracted considerable support for a petition calling for Sir Richard's dismissal, and further union meetings will be held at the weekend to discuss the issue.

They attacked Sir Richard both as a "racist and an anti-trade unionist."

Mr. Tariq Ali, the editor of Socialist Challenge, a revolutionary Marxist paper, said yesterday that he had written to the Commission for Racial Equality to complain about the speech.

"We are taking this extremely seriously," he said. "You cannot have a situation where an unemployed worker is taken to court for racism and Sir Richard Dobson is let off scot-free."

Mr. Ali added that the tape which was played to a group of reporters yesterday had been given to Socialist Challenge by a sympathetic who happened to be at the dinner. He denied that any of the Dorchester staff had been responsible.

The major political point we are making is whether people like this should be appointed to run large nationalised industries.

The National Enterprise Board, which is closely involved in the choice of senior officials at Leyland — although the appointment of chairman remains a prerogative of the Leyland Board — refused to comment on the speech last night.

But while it is believed in some quarters that the final result will be decided on whether a majority of plants vote in favour, union leaders in the company claimed that only one plant need say "no" and the Ford national joint negotiating committee might find itself round a table again.

It is feared that the issue of pay still unresolved from the shopfloor point of view in some plants, may yet influence voters.

• The Vauxhall craftsmen held a mass meeting in Dumbarton yesterday to comment on the speech last night.

The company said it could keep production going if the rest of the 16,000 workers at the two plants would accept redeployment, but strike leaders predicted a complete shutdown to-day.

• The ballot of 100,000 British Leyland car workers on pay bargaining reforms is to be conducted by post under the supervision of the Electoral Reform Society.

Engineering deals, Page 19

Blumenthal speech boosts \$

By Colin Millham

INDICATIONS that the U.S. Administration is not looking for a further depreciation of the dollar led to a sharp turnaround in the foreign exchange market yesterday morning.

The movement followed Wednesday's speech by Mr. Michael Blumenthal, the U.S. Treasury Secretary, in which he spoke of the marked slowing in the rate of growth in the U.S. economy, but also suggested that the traditional did not require a further depreciation of the dollar.

His comments prompted demand for the U.S. unit in New York that night, with a corresponding follow-through in Europe during the morning.

This is the first time in recent weeks that his comments have had a beneficial influence on the dollar. For on earlier occasions Mr. Blumenthal had seemed to be indicating that Washington was looking for a further appreciation by the yen and D-mark against the dollar.

During the morning, the dollar's trade-weighted depreciation narrowed to 1.06 per cent. from 1.24 per cent., and the currency showed a marked improvement against most major currencies in early trading.

It retreated later however, as the market took a more cautious view of Mr. Blumenthal's remarks, and closed slightly weaker against the German D-mark and Japanese yen, but stronger on balance in terms of sterling, the Swiss franc and Dutch guilder.

There was no clear pattern of intervention by European central banks yesterday, but they may have applied some steady influence.

Sterling closed 32 points lower against the U.S. unit at \$1.798, but its trade-weighted index was unchanged at 62.5.

Although the pound remains generally steady and foreign funds continue to be attracted to London, the Bank of England made it clear yesterday that there is to be no further fall in short-term interest rates.

STAGE THREE DECISIONS... AND A THREAT

Heavy Ford vote for 12%

By Our Labour Staff

ON A key day for voting by workers at British Oxygen in engineering and metal fabrication industries last month, the company's two large Dagenham plants decided yesterday "overwhelmingly" to accept the offer of a 12 per cent. pay increase.

Vauxhall, which usually takes its cue on pay from Ford, was hit by a protest strike of about 3,000 skilled men at Luton and Dunstable seeking restoration of craft pay differentials. This came as union negotiators for the company's 24,000 manual workers were considering a company offer last night.

The Ford vote by 6,500 at the Dagenham engine and body plants means that final acceptance of the company offer is virtually assured.

Shopfloor voting this week, bringing the total of plant-level decisions in favour to nearly half Ford's 23 plants with none against, is considered likely to be echoed by the rest this week.

The final results should be known on Sunday, when the large Halewood plant at Liverpool is expected to hold its mass meeting to decide.

The results have been encouraging for the Government, which before the union's decision to take the issue to grass roots was faced by a union claim for 15 per cent.

Nevertheless, the company offer is in breach of the 10 per cent. guideline. The extra amount from certain fringe benefits, including better pensions and holiday entitlements, has still to be fully assessed.

There is uncertainty whether yesterday's voting results mean that the company can technically be sure of having its offer accepted by union leaders.

After last night's shift voting, which was played to a group of reporters yesterday, had been given to Socialist Challenge by a sympathetic who happened to be at the dinner. He denied that any of the Dorchester staff had been responsible.

The major political point we are making is whether people like this should be appointed to run large nationalised industries.

The National Enterprise Board, which is closely involved in the choice of senior officials at Leyland — although the appointment of chairman remains a prerogative of the Leyland Board — refused to comment on the speech last night.

But while it is believed in some quarters that the final result will be decided on whether a majority of plants vote in favour, union leaders in the company claimed that only one plant need say "no" and the Ford national joint negotiating committee might find itself round a table again.

It is feared that the issue of pay still unresolved from the shopfloor point of view in some plants, may yet influence voters.

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The company said it could keep production going if the rest of the 16,000 workers at the two plants would accept redeployment, but strike leaders predicted a complete shutdown to-day.

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Engineering deals, Page 19

British Oxygen talks of cuts in programme

By LYNTON MCLEAN, INDUSTRIAL STAFF

AS THE strike of manual workers at British Oxygen in engineering and metal fabrication industries last month, the company's two large Dagenham plants decided yesterday "overwhelmingly" to accept the offer of a 12 per cent. pay increase.

Over 12,000 people are laid off. Shipbuilding and repairing are among the worst affected sectors.

On the Clyde this afternoon 3,500 men, well over half the workforce, will be paid off at Govan Shipbuilders. This leaves only 2,000 working in areas of the gases division. He warned that a continuation of the strike put in jeopardy the £40m investment programme which is causing severe interruptions to production.

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